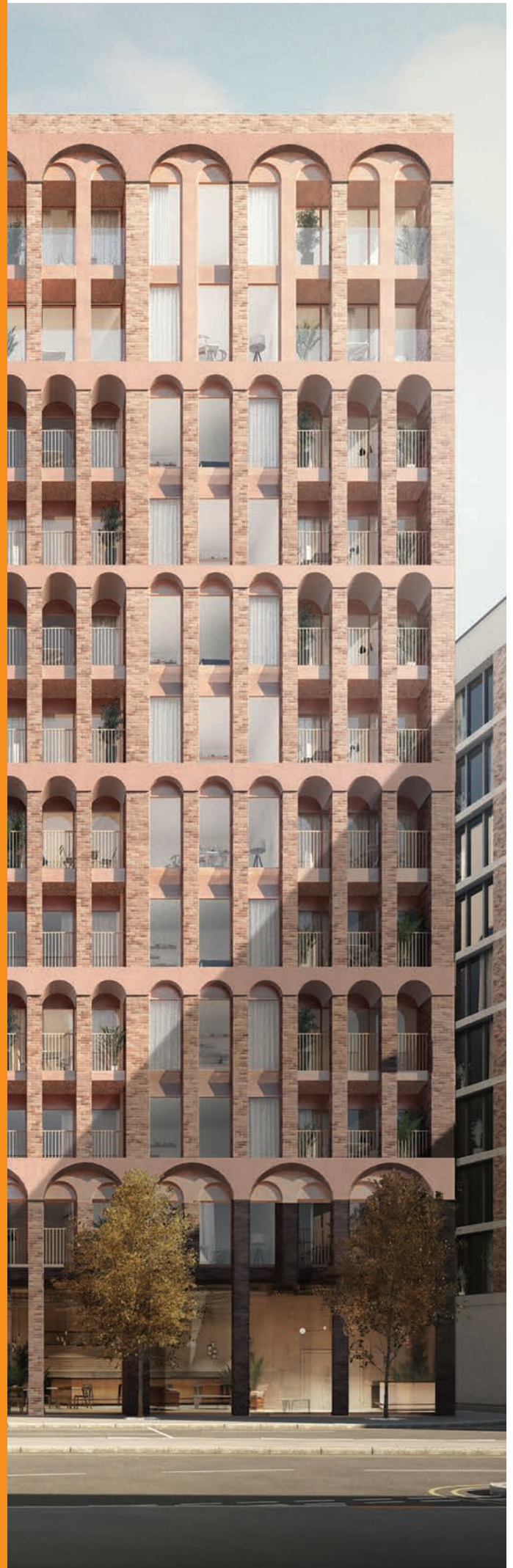


THE
GOOD
ECONOMY

CHEYNE IMPACT REAL ESTATE TRUST
SOCIAL IMPACT
REPORT

SEPTEMBER 2022



This report has been commissioned by the Cheyne Impact Real Estate Trust ('CIRET' or 'the Fund') and has been prepared by The Good Economy Partnership Limited ('The Good Economy' or 'TGE'), a leading impact advisory firm specialising in impact measurement, management, and reporting.

The Good Economy advised CIRET on the development of its impact measurement and management methodology. This report is based on analysis of quantitative data and evidence, as well as in-depth interviews with management and staff of Cheyne Capital and representatives of stakeholders, including Registered Providers (RPs) and residents.

The findings and opinions conveyed, via this report, are based on information obtained from a variety of sources as detailed in this report. The information

reviewed should not be considered as exhaustive and has been accepted in good faith as providing true and representative data pertaining to the schemes. The Good Economy cannot and does not guarantee the authenticity or reliability of the third-party information it has relied upon. The Good Economy reserves the right to alter the conclusions and recommendations presented in this report in the light of further information that may become available.

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IMPACT REPORT – HEADLINE RESULTS

AS OF 31 MARCH 2022

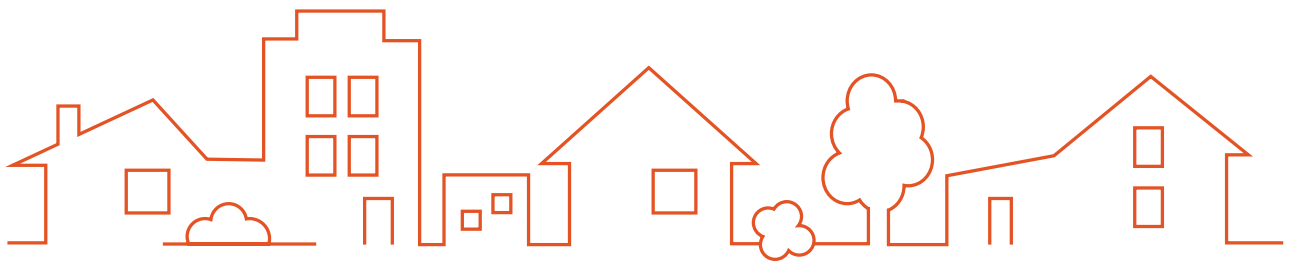


£86 MILLION
INVESTED



371
HOMES

87 OPERATIONAL HOMES
284 HOMES UNDER CONSTRUCTION



POTENTIAL TO HOUSE **553 PEOPLE**



PARTNERING WITH
5 HOUSING MANAGERS

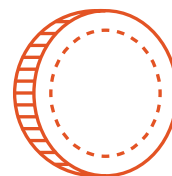


41% OF HOMES LOCATED IN THE **20%**
MOST DEPRIVED AREAS OF THE UK

✓ HIGH CONTRIBUTION TO IMPACT



NO SECTION 106 REQUIREMENT



NO GOVERNMENT GRANT FUNDING

✓ PROVIDING NEEDS-LED HOUSING

38%

OF HOMES FOR ELDERLY CARE

25%

OF HOMES FOR HOUSEHOLDS RENTING ON THE PRIVATE MARKET

21%

OF HOMES FOR RESIDENTS WITH LEARNING/ MENTAL HEALTH DISABILITIES (SSH)

14%

OF HOMES FOR KEY WORKERS

2%

OF HOMES FOR PEOPLE AT RISK OF HOMELESSNESS

✓ CROSS-SUBSIDY MODEL TO DELIVER IMPACT

50%

OF HOMES ARE PRIVATE RENTAL SECTOR

27%

OF HOMES ARE DISCOUNTED FOR RESIDENTS WITH A SOCIAL NEED

23%

OF HOMES ARE ALREADY OPERATIONAL AND AFFORDABLE TO THE LOWEST INCOME HOUSEHOLDS

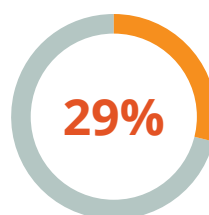
HOMES UNDER CONSTRUCTION



77% OF UNITS ARE NEW BUILD HOMES

Expected EPC RATING of B+

OPERATIONAL HOMES



HAVE AN EPC RATING OF C+

EXECUTIVE SUMMARY

Launched in April 2020, Cheyne Impact Real Estate Trust ['CIRET' or 'the Fund'] is Cheyne Capital's second impact real estate investment fund. CIRET's impact goal is to increase the provision of high-quality affordable and specialist housing to improve the quality of lives of people with a range of housing needs. Residents include people facing homelessness, those with specialised or elderly care needs, and key workers.

CIRET has invested £86m of capital to the current portfolio which is spread across six residential schemes. The portfolio will provide 371 homes for 553 residents.

Additionality is at the heart of CIRET's investment strategy. This is best understood as the Fund's contribution to the supply of affordable housing above and beyond what the market would deliver otherwise. It involves allocating parts of wholly private schemes to affordable housing tenures, without the legal requirement to do so. This looks to be a best-in-class approach to increasing the supply of affordable housing. Furthermore, since residents in affordable units are integrated with their private sector counterparts, CIRET's strategy also fosters long-term social cohesion.

The approach is embodied in CIRET's two new-build schemes under construction. Together, these account for over three quarters of its homes. The Anavo Care scheme is comprised of two new-build care homes which together will provide 140 residential care beds for the elderly, with 35% discounted and ring-fenced for publicly-funded residents. The Oldham Road scheme will provide 144 private residential homes, with 35% allocated to key workers at meaningful discounts.

CIRET hopes that this investment model will act as a 'proof of concept' for other impact investors and policy-makers. In turn,

Cheyne Capital believes CIRET could ignite wider systemic change that accelerates the provision of high-quality, affordable housing. CIRET's model contributes towards some of the United Nations' Sustainable Development Goals which work to bring about a fairer, more sustainable world.

CIRET also has four operational schemes. Three were acquired from Cheyne Capital's first impact real estate investment fund, the Social Property Impact Fund. These provide eight temporary accommodation homes to people at risk of homelessness and 75 specialised supported housing (SSH) units to people with mental health conditions or learning disabilities. As part of CIRET's ongoing strategic partnership with Thera Trust, the charity overseeing the SSH homes, CIRET has forward-funded a fourth scheme that currently provides four SSH homes to nine residents.

This report is the Fund's second impact report and covers the 12-month period from April 2021 to March 2022. CIRET has made no additions to its portfolio over this period, although construction of the care home schemes has fully commenced.

**Impact Objectives CONTRIBUTE TOWARDS target outcomes
experienced by people, places, and the planet.**

IMPACT ASSESSMENT

This report assesses CIRET's performance against its stated impact objectives. These describe how it seeks to make a difference to outcomes experienced by people, place, and planet, in areas over which it has direct influence. Each objective has a set of metrics and, where relevant, specific targets have been set.

Outcomes experienced by people, place and planet depend on many factors, one of which is the Fund's activities. It is important to measure outcomes and assess CIRET's contribution to them as this offers insight into its ultimate impact. As residents move into completed properties, we will assess the outcomes they experience more closely.

Impact Objectives

- Provide homes for individuals with an identified social need
- Provide homes that are affordable to residents
- Deliver homes of high quality
- Form quality partnerships
- Increase and accelerate the supply of housing

Impact Objectives **contribute towards** target outcomes experienced by people, place, and planet.

Target Outcomes

- Provide value for money
- Strengthened community cohesion
- Improved quality of life

The Good Economy (TGE) worked with Cheyne Capital to design an impact measurement and management (IMM) system for CIRET during the Fund's set-up phase. This provides a framework for measuring, assessing, and managing impact creation, as well as ensuring that impact considerations are fully integrated into the investment process.

TGE frames and aligns impact assessments according to the five dimensions of impact,¹ as set out by the Impact Management Project (IMP). This is an established and widely recognised approach to impact measurement and management. A classification of CIRET's contribution to impact in accordance with the IMP norms is provided on page 27.

IMPACT OBJECTIVES

✓ Social Need

CIRET's current portfolio of homes will serve just over 550 people with a range of housing-related needs. These are met through a diverse range of property tenures, including key worker accommodation, residential care for the elderly, SSH for people with learning disabilities and/or mental health needs, and temporary housing for people at risk of homelessness.

41% of CIRET's properties are in the UK's 20% most deprived local authorities. These 152 homes have the potential to serve 253 people in some of the most deprived areas.

✓ Affordability

The 87 operational homes in CIRET's portfolio are affordable to low-income residents. Welfare payments, either housing benefit or care-related assistance, cover their rents fully. For the new-build homes, CIRET's investment strategy has delivered 100 homes at discounts to market rent that would have otherwise been rented on the open market. 50 of these will be affordable to low-income elderly residents whose rent will be fully covered by the local authority or NHS, and 51 will be affordable to middle-income key workers willing to share accommodation. The remaining 184 new-build units in CIRET's portfolio will be set at open market rent levels.

✓ Quality Homes

The new-build developments, which account for 77% of the Fund's homes, have not yet received Energy Performance Certificate (EPC) grades. These developments are expected to achieve EPC grades of B or higher, which would boost the portfolio's overall environmental performance. For CIRET's operational homes, their environmental performance is weak, with only 29% receiving an EPC grade of C or higher. These homes are older buildings that would benefit from a retrofit programme.

Our interviews with developers and housing managers, as well as several site visits, confirm that CIRET's homes are designed, built and managed to ensure high-quality accommodation for residents. In particular, the three new-build schemes will provide amenities that encourage social interaction and community cohesion. As both schemes are 'tenure-blind', low-income residents in the affordable units should benefit from the same high-quality homes and services as their private-sector counterparts.

✓ Quality Partnerships

CIRET is selective about who it partners with, choosing to work with organisations who have aligned impact goals. Over the last year, it has been an active and responsible landlord to the operators of its homes, our interviews revealed. All partners show a preference to continue working with CIRET. While the Fund continues to check in with its partners frequently, we recommend that it begins monitoring resident outcomes to further ensure that residents are receiving high-quality services.

✓ Increase and Accelerate Supply

The capital that CIRET has already deployed will deliver a best-in-class approach to increasing and accelerating supply of affordable homes. The cross-subsidy model is impact-driven, delivering new affordable homes beyond the legal requirement to do so.

Over the last 12 months, CIRET has focused on fundraising and has not increased the supply of affordable or specialist homes. However, its contribution to the overall supply of affordable homes should increase in future years as raised capital is deployed.



OUTCOMES

Since less than a quarter of the Fund's portfolio is operational, fewer than 180 residents live in its homes. This small number has limited our comprehensive review of resident outcomes. As the Fund matures and residents move into the completed homes, these outcomes will be assessed more closely through resident surveys, interviews and site visits.

✓ Value for Money

CIRET delivers value for money to the public purse through a variety of tenure types. Independent research shows that SSH, which currently accounts for 21% of CIRET's homes, is a cost-effective way of providing housing for individuals with care and support needs compared to residential and in-patient settings. The eight temporary accommodation units, although representing only 2% of CIRET's portfolio, have the potential to deliver significant value for money to Luton Borough Council, which would otherwise probably place residents in more expensive alternative accommodation, such as Bed & Breakfasts. Lastly, CIRET's new-build elderly care scheme will provide 49 care beds for publicly-funded residents. It is expected that these units will be 25-30% cheaper than self-funded care beds, providing a significant saving to the local authority which again would probably have had to pay higher rents for lower quality elderly care accommodation.

✓ Strengthened community cohesion

Our interviews with CIRET, as well as with the Fund's partners, highlight its efforts to deliver accommodation that is not only a place to sleep, but also fosters a sense of community. The two new-build schemes will have amenity offerings that encourage residents to interact, including cafes, bars and activity areas, which are hoped to reduce isolation and foster social interaction. Additionally, these schemes are 'tenure-blind' which means that low-income residents in the affordable units receive the same high-quality homes and services as their private sector counterparts.

✓ Improved quality of life

CIRET aims to contribute to improving the lives of people with a range of housing needs. Through conversations with housing managers and care providers, we heard anecdotal evidence of this leading to positive wellbeing outcomes for residents. The new-build units, although not operational, have been designed and built with resident wellbeing in mind.

STRENGTHS

- **Best-in-class approach to additionality** – CIRET's cross-subsidy model delivers affordable homes that would not otherwise be delivered. By going beyond the legal requirement for affordable housing that is stipulated in planning agreements, CIRET continues to embody a best-in-class approach to increasing and accelerating the supply of affordable homes.
- **Tenure-blind commitment** – By ensuring that all homes are designed and managed to the same quality, irrespective of whether private or affordable units, CIRET ensures that low-income residents access good quality accommodation and services. This tenure-blind model also fosters social interaction and community cohesion.
- **Strong partnerships** – CIRET continues to partner with impact-aligned partners such as housing managers, care providers and developers who focus on user health and wellbeing. Since it does not manage the homes directly, these partnerships are vital to ensuring that its homes continue to generate positive outcomes for residents.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- **Energy performance** – The environmental performance of CIRET's operational units remains weak. These homes are older stock acquired from Cheyne Capital's previous fund. As recommended in our previous impact report, these homes would benefit from retrofit programmes – especially as residents' energy costs continue to rise. We understand that CIRET is in the process of establishing a retrofit programme with partnering operators such as P3 Housing and Thera Trust Group.
- **Capturing additional data (in particular, resident outcomes)** – CIRET does not request that partner housing managers or care providers report on resident outcomes, such as results from tenant satisfaction surveys. Since it does not have a direct relationship with residents, this data should inform it better about the difference its homes are making to them.

1 / INTRODUCTION

ABOUT THE CHEYNE IMPACT REAL ESTATE TRUST

This is the second Impact Report produced by The Good Economy for The Cheyne Impact Real Estate Trust ('CIRET' or 'the Fund') and covers the 12-month period from April 2021 to March 2022.

Launched in April 2020, CIRET is Cheyne Capital's second real estate impact fund. The Fund's impact goal is to increase the provision of high-quality affordable and specialist housing to improve the quality of life for people with a range of needs. They include those on local authority housing waiting lists and those with specialist care needs, as well as elderly residents and key workers.

Additionality is at the heart of CIRET's impact strategy. This is best understood as CIRET's contribution to the supply of affordable housing above and beyond what the market would deliver otherwise. This aligns with the Impact Management Project's dimension of 'Contribution'.

This investment approach is embodied in CIRET's new-build mixed-tenure schemes, whereby parts of wholly private schemes are allocated to affordable housing tenures. The cross-subsidy model is a best-in-class approach to accelerating the supply of affordable housing, since it does not require Government grant funding and exceeds the planning requirements of Section 106 housing. Since residents in the affordable housing units also receive the same quality housing services as the privately housed residents, this model also fosters long-term social integration.

To mitigate impact risks, CIRET focuses on building strong relationships with key partners such as local authorities, housing operators and care providers. Combined with the Fund's 'evergreen' status, this effort should ensure that residents receive high quality housing services, so its homes continue generating positive outcomes in the future.

The fund's strategy and impact thesis is underpinned by four key principles:

- Raise and deploy institutional capital to improve access to, and the quality of, affordable and specialist housing.
- Build strong relationships with partners to ensure improvements in resident wellbeing for the long term.
- Achieve high additionality by investing in housing schemes that would not have been built or made affordable otherwise.
- Ensure mixed-tenure schemes are 'tenure-blind' to encourage community cohesion, social integration and social mobility.

HOUSING TYPES

CIRET is invested in four types of housing, which each meet a social need.

General Needs Housing (Private and Affordable rent)

The UK is experiencing an affordable housing crisis. Research commissioned by the National Housing Federation and Crisis identifies a need for 145,000 new affordable homes every year up to 2031.³ Affordable housing is recognised as a universal social good within the United Nation's Sustainable Development Goals.

Moreover, there is strong evidence that housing contributes to other positive outcomes such as health and wellbeing benefits and education attainment – particularly for low-income households.⁴ Secure tenancies can also provide residents with greater stability that potentially leads to better access to jobs and positive employment outcomes.

Specialised Supported Housing

Specialised Supported Housing (SSH) refers to housing that has been specifically designed or adapted for people who require specialised care to enable them to live in the community. In recent years, SSH has become increasingly recognised for the value it offers in providing vulnerable people with the opportunity to live safely in community-based settings compared to institutionalised care. Although SSH rents are higher than general needs social housing, independent evidence suggests SSH is a cost-effective housing solution for people with long-term care and support needs.

Temporary Accommodation

Temporary accommodation is the provision of interim housing for otherwise homeless households. At the end of 2021, over 227,000 households in the UK were homeless or at risk of homelessness.⁵ This figure is set to rise as the cost of living continues to increase. Supply of temporary accommodation is critical as these homes provide residents with a stable setting until alternative, long-term accommodation can be sourced (usually social rent homes).

Elderly Residential Care Homes

Given the UK's ageing population, there is a clear need for more affordable residential homes or care beds for the elderly. The number of UK care home beds increased by less than 1% between 2014 and 2019, whereas the population aged 85+ grew by over 91%.⁶ As a result, the total number of care beds available for older people fell 16% between 2012 and 2021.⁷ Care homes that are equipped to facilitate elderly wellbeing, as well as more assisted living care provision for older people, are in high demand.

THIS REPORT

This is our second annual impact report for CIRET. It assesses the Fund's impact over the last 12 months of operation from April 2021 to March 2022.

We assess CIRET's impact performance on two measures:

1 Whether it is achieving its defined impact objectives. These impact objectives are specific aims of the Fund that are in its direct control and influence. They describe how CIRET will contribute to improving outcomes for its stakeholders.

2 Whether stakeholders are experiencing any measurable change in outcomes. These depend on many factors, including CIRET's activities. Assessing outcomes is a core component of meaningful impact assessment since it ensures the experiences of stakeholders are considered and accounted for.

METHODOLOGY

We employ a combination of quantitative and qualitative research methods to carry out impact assessments. This assessment included an analysis of the standardised portfolio data collected by CIRET, interviews with Cheyne Capital staff, and interviews with key partners including housing managers, care providers and developers. We also conducted several site visits to CIRET-owned properties to speak directly with property managers and care workers, and where possible, residents. Please see Appendix 1 for Data Sources.

Since the Fund is relatively new and less than a quarter of the homes are operational, most of this report focuses on assessing its performance against its impact objectives. As more homes become operational and residents move in, we will carry out a comprehensive review of outcomes to better understand the homes' impact on residents, such as through resident surveys.

3. Research Briefing CBP-7671, House of Commons [2022].

4. BMC Public Health [2020].

5. Crisis.org [2022].

6. Savills [2019].

7. Nuffield Trust [2022].

2 / IMPACT MEASUREMENT AND MANAGEMENT FRAMEWORK

CIRET’s impact measurement and management (IMM) methodology was created with TGE during the Fund’s set-up phase. It provides a framework for assessing impact creation and ensuring impact considerations are fully integrated into the investment process.

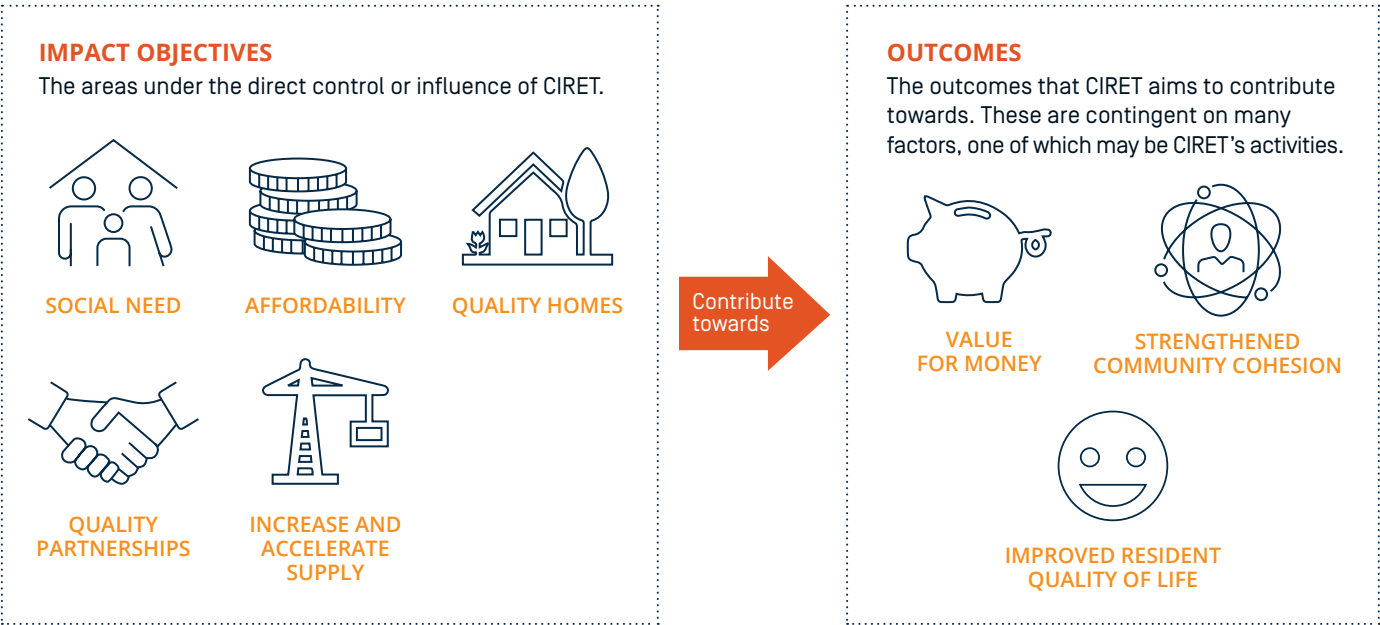
The IMM methodology is aligned with best practice impact measurement and reporting, including the Impact Management Project⁸ dimensions of impact. TGE and Cheyne Capital review the IMM approach every year to ensure lessons learned are integrated into the Fund’s impact strategy, measurement and reporting processes.

IMPACT GOAL

CIRET’s impact goal is to increase the provision of high-quality affordable and specialist housing to improve the lives of people with a range of needs.

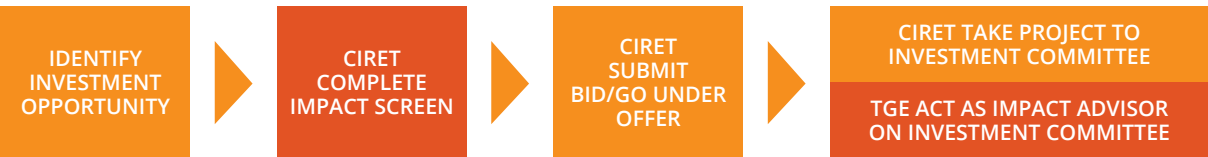
As a long-term investor, CIRET seeks to buy or build homes that are leased to local authorities, housing providers, charities or care providers. Its investment model prioritises schemes where the Fund can deliver high additionality – homes that would not be built without CIRET’s involvement. To date, CIRET has not invested in affordable housing required by a Section 106 planning obligation nor received government grant funding.

IMPACT OBJECTIVES AND TARGET OUTCOMES



INVESTMENT STRATEGY AND PROCESS

CIRET incorporates impact considerations throughout the investment decision-making process.



■ CIRET Business Process ■ Impact Management Process

8. [Impact Management Project](#).



3 / PERFORMANCE AGAINST IMPACT OBJECTIVES

As of March 2022, CIRET has invested £86 million to deliver 371 homes across six schemes. The current portfolio includes private general needs housing, temporary accommodation, specialised supported housing, residential care for the elderly and key worker housing.

Four schemes are operational, providing 87 homes for 172 people. Two further schemes under construction will provide 284 homes for 381 people.

In the last 12 months, CIRET's portfolio has reduced in size. The Anavo Care scheme, which previously comprised three care home developments, now consists of two. The Lancing care home had additional construction costs that made the investment unviable under CIRET's strategy. Since this acquisition was subject to agreeing a viable building contract, it is no longer part of the portfolio.

INVESTMENTS AT 31 MARCH, 2022

PROJECT NAME	LOCATION	TOTAL INVESTMENT (£M)	INVESTMENT TYPE	TYPE OF HOUSING	PROJECT STATUS	NUMBER OF HOMES	POTENTIAL NUMBER OF RESIDENTS
Ethical Lease Portfolio – Luton Burgh Council	Luton	1.3	Acquisition from existing fund	Temporary accommodation	Operational	8	16
Ethical Lease Portfolio – P3 Housing	Derbyshire and Gloucestershire	1.9	Acquisition from existing fund	Specialised supported housing (SSH) for people at risk of homelessness or with mental health conditions	Operational	14	28
Ethical Lease Portfolio – Forward Housing	National	22.8	Acquisition from existing fund	SSH for people with learning disabilities	Operational	61	119
Thera Trust	National	1.3	Existing properties converted to social housing	SSH for people with learning disabilities	Operational	4	9
Oldham Road	Manchester	33.9	New-build development	Private rental sector (35% of units discounted and allocated to key workers)	Under construction [due Q2 2023]	144	241
Anavo Care	Crewe and Whitchurch	24.9	New-build development	Residential care for the elderly (35% of units allocated to publicly funded residents)	Under construction [due Q4 2022, Q3 2023]	140	140
Total	–	86.1	–	–	–	371	553


The Fund has been in a period of consolidation over the last 12 months. With CIRET's capital already allocated across six schemes, Cheyne Capital has focused its attention on fundraising. We are aware that CIRET's investment strategy, which focuses on mixed-tenure schemes, is less one-dimensional than other impact funds.

Nonetheless, Cheyne Capital reports that the fundraising process has been positive and that CIRET's portfolio should expand in the coming year. CIRET has continued to seek and review investment opportunities to ensure that the raised capital will be able to be allocated quickly and efficiently.

We have assessed CIRET's performance against its five impact objectives.

SOCIAL NEED

Provide accommodation to address the needs of people on local authority housing lists, individuals with a care need and key workers who cannot afford to rent or buy in the open market.

IMPACT OBJECTIVE	IMPACT METRICS	2021 RESULTS	2022 RESULTS
 <p>SOCIAL NEED</p>	Total number of homes	437	371 ⁹
	Number of operational homes	87	87
	Occupancy rate (of operational properties only)	95%	97%
	Breakdown of units by care classification of residents:		
	Specialist care	18%	21%
	Affordable homes (Publicly-funded elderly care, discounted key worker accommodation)	28%	27%
	Temporary housing	2%	2%
	Private market (Self-funded residential elderly care, private rental sector)	52%	50%
	Percentage of homes in the 20% most deprived local authorities	35%	41%

CIRET's 371 homes will house over 550 people with a range of needs.

These needs are met through a diverse range of property tenures, including affordable key worker accommodation, residential care for the elderly, SSH for people with learning disabilities and/or mental health needs, and temporary accommodation for people at risk of homelessness.

Only 87 homes in CIRET's portfolio are operational currently. All are social sector housing, providing SSH or temporary accommodation to 172 people with a clear housing need. This is well reflected by the portfolio's high occupancy rate.

There is a national shortage of SSH accommodation. Forward Housing [subsidiary of the Thera Trust], the provider overseeing a portion of CIRET's SSH stock, affirmed that their units are in high demand. It reported "so much need to meet", given the rising number of individuals with complex care requirements. Similarly, P3 Housing, which manages 13 of CIRET's SSH units, judged that their high occupancy rates demonstrate the social need for their transitional supported housing.

Luton Borough Council, which oversees the eight temporary accommodation units, has struggled to source suitable temporary accommodation in the borough.¹⁰ 12,077 households were on the local housing waiting list in 2021. These represent 16% of Luton's households, making the waiting list three times higher than the national average.

Further, the government's 'Everyone In' initiative which sought to end rough sleeping during the Covid-19 pandemic heightened the need for temporary accommodation across the country.

Unfortunately, we were unable to speak with Luton BC on the benefit of CIRET's eight homes during this period. We would like to further understand their importance going forward, given the council's target of halving the number of households living in temporary accommodation by 2025 in favour of more long-term, stable accommodation.¹¹

The remaining 284 homes in CIRET's portfolio are under construction. The Oldham Road development will provide 144 homes to the private rental market, with 51 of these [35% of the scheme] discounted and allocated to key workers. Eligible key workers will earn between £24,000 to £32,000 per annum, with the rents set accordingly to not exceed 30% of net income. The use of net income (rather than gross income) is considered by us to be best-practice.

It is hoped that these units will alleviate the challenge that local workers face finding high-quality affordable accommodation in the central Manchester area. Significant investment in the centre of Manchester has risked pricing key workers out of the area.

The Anavo Care developments, across two care homes, will provide 140 care beds to elderly residents, with 50 [35% of the scheme] allocated to publicly-funded residents. CIRET expects that they will be at a 25-30% discount to privately-funded care beds. However, since the rent charged is influenced significantly by individual care needs, this will be assessed once the units are operational.

There is a clear social need for care homes across the country; the Covid-19 pandemic forced thousands of care homes to close or cease new admissions.¹² Many are experiencing severe staff shortages,¹³ which has resulted in the demand for residential care far outstripping supply.¹⁴

9. The reduction in homes is due to one care home development not proceeding due to construction cost viability.

10. Luton City Council [2022].

11. Luton City Council [2019].

12. The Guardian [2022].

13. ITV News [2021].

14. Carehome.co.uk [2020].

CATEGORISING CIRET'S PORTFOLIO ACCORDING TO IMPACT POTENTIAL

As a long-term investor, CIRET seeks to buy or build homes that are let on long-term leases with local authorities, housing providers, charities or care operators. Its investment model prioritises schemes where the Fund can deliver high additionality – homes that would not be built without CIRET's involvement. To date, CIRET has not invested in affordable housing required by a Section 106 planning obligation nor received government grant funding.

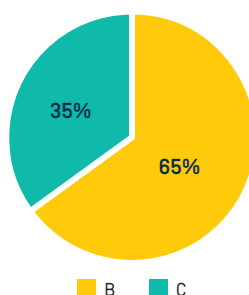
Figure 1

IMPACT GOALS	DESCRIPTION
A void Harm	The asset prevents or reduces negative outcomes for people and planet
B enefit Stakeholders	The asset not only avoids harm, but also generates positive outcomes for people and planet
C ontribute to Solutions	The asset avoids harm, but also generates one or more positive outcomes for otherwise underserved people and the planet
D oes [or May] Cause Harm	The asset causes [or may cause] harm to people or planet

Overall, we judge that 75% of the Fund's homes directly meet a need identified in CIRET's impact objectives. We analyse CIRET's portfolio according to the IMP's classification of impact below.

TENURE	NO. OF HOMES	IMP CATEGORISATION	RATIONALE
Private Rent and Affordable Rent	144	Benefits Stakeholders (100%)	The Oldham Road development brings new high-quality homes into the housing supply, with an expected EPC grading of B. 93 homes are private rent units that are affordable to high-income households or middle-income sharers. The 51 discounted key worker units provide affordable accommodation where there is a UK-wide shortage. Although discounted, these homes are affordable to middle-income key workers willing to share accommodation. These residents, since they are not low-income households, are not considered underserved as they have other housing options (albeit, perhaps more expensive, low-quality or in a less preferred location).
SSH	79	Contribute to Solutions (100%)	The three SSH developments provide suitable independent living for residents with specialised care needs. There is a national unmet need for supporting living facilities, and therefore these residents are considered underserved.
Temporary	8	Benefit Stakeholders (100%)	The Luton scheme provides temporary accommodation to households at risk of homelessness. These people have an underserved need for stable accommodation. Although CIRET's accommodation provides more long-term housing than alternative temporary housing (such as hostels and B&Bs), temporary housing is not considered a long-term solution (such as social housing).
Residential Care	140	Benefits Stakeholders (65%) Contribute to Solutions (35%)	The Anavo Care development brings new high-quality residential care beds into the existing supply of residential care units. These homes help drive high standards in care provision and ensure suitable housing for elderly residents with care needs. Since 35% of the units are allocated to publicly-funded residents, these beds have the potential to serve low-income individuals whose alternative accommodation options are likely to be of lower quality.

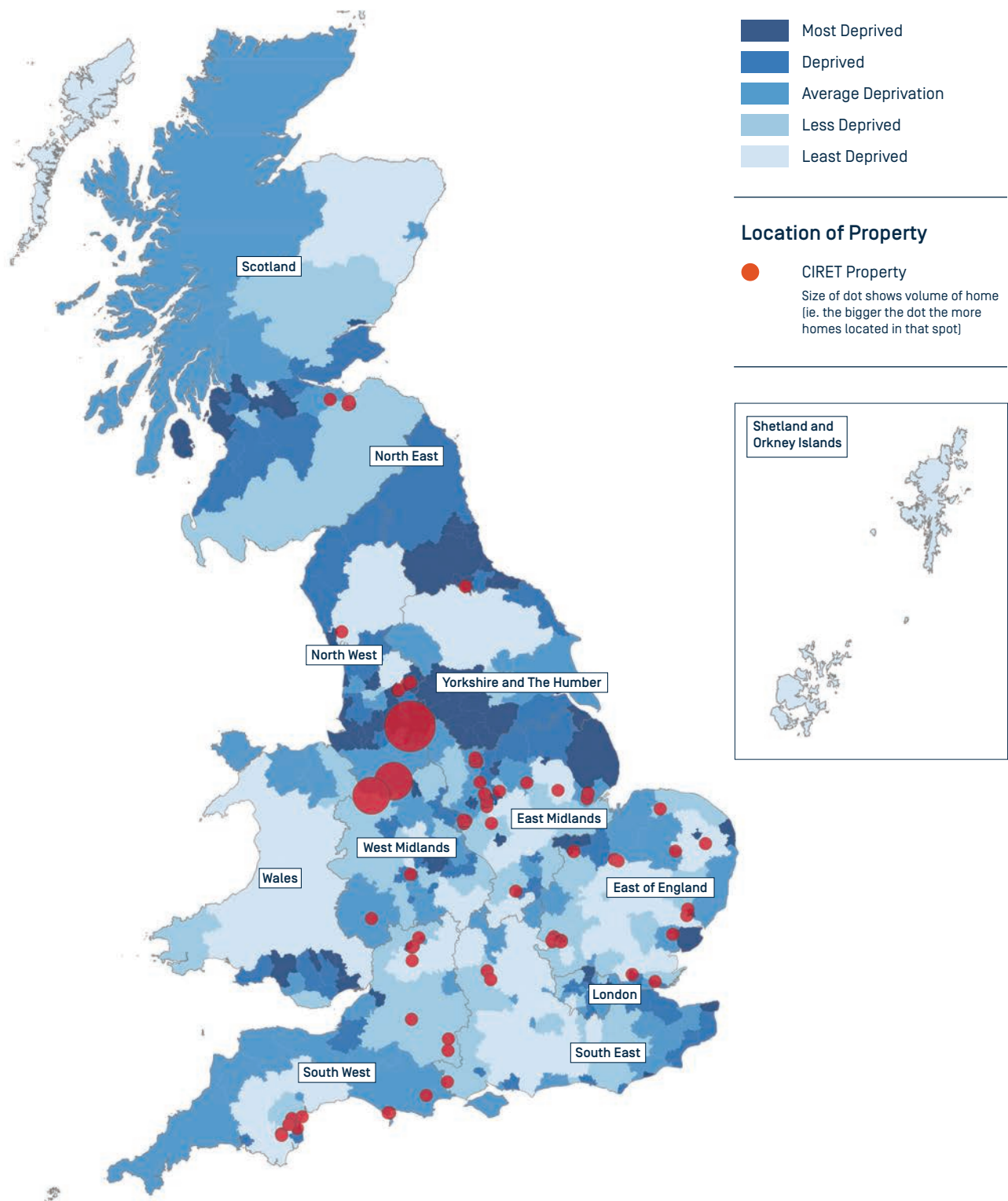
PORTFOLIO ACCORDING TO IMP CATEGORISATION
According to number of homes



LOCATION OF PROPERTIES

The Fund's properties are located across 45 local authorities. 41% of CIRET's properties are in the UK's 20% most deprived local authorities. This highlights how 152 homes have the potential to serve 253 people in some of the UK's most deprived areas.


Figure 2 : CIRET's homes, according to quantity and location



Contains OS data © Crown copyright and database right (2022). Data source: English Indices of Deprivation (IMD) [2019], Scottish IMD 2020 and Welsh IMD [2019] – % of a Local Authority's local areas (LSOAs) in the 20% most deprived nationally. Deprivation in each country is measured differently therefore each country should be treated individually.

AFFORDABILITY

Ensure funded developments are affordable within their local markets.

IMPACT OBJECTIVE	IMPACT METRICS	2021 RESULTS	2022 RESULTS
 <p>AFFORDABILITY</p>	Breakdown of units by tenure type:		
	Private rental sector (PRS)	21%	25%
	Discounted PRS for key workers	12%	14%
	PRS residential care for the elderly	31%	25%
	Discounted public residential care for the elderly	16%	13%
	Specialised supported housing (SSH)	18%	21%
	Temporary accommodation	2%	2%

We judge that half of CIRET's portfolio serves lower income-earning households. The temporary accommodation, SSH and publicly-funded care beds are appropriate for residents in receipt of housing benefits and/or alternative financial support. These homes therefore have the potential to provide housing to some of the most vulnerable members of society. Due to CIRET's mixed-tenure model, 50% of the Fund's homes are for private market rent, serving relatively high earning households.

AFFORDABILITY OF OPERATIONAL HOMES

Overall, we deem the 87 operational homes as affordable to low-income households. These homes represent 23% of CIRET's portfolio.

- The **temporary accommodation** leased by Luton Borough Council enables the local authority to perform its statutory duty of providing suitable accommodation for those with a priority housing need, many of whom will be on low incomes. The rent levels for these eight homes are set below the Local Housing Allowance (LHA) rate. Since the rent can be entirely covered by housing benefit, we consider these homes to be affordable for the lowest income households.
- Our interviews with Forward Housing and P3 Housing confirm that most residents in the 79 **SSH units** have their rent entirely covered by the LHA and/or other care-related payments by the Local Authority. Since these residents do not require 'top-ups' to cover their rent, these homes are considered affordable to even the lowest income households. In addition, P3 is rolling out smart metering across its portfolio, as well as providing grant funding for eligible residents struggling with rising utility bills.

AFFORDABILITY OF HOMES UNDER CONSTRUCTION

- CIRET's 140-unit **residential care development** will be operated by Anavo Care, a mid-market provider. Thirty five percent of beds will be allocated to publicly-funded residents while the remainder will be for private self-funded residents. The publicly-funded beds will be available for those with the lowest ability to pay for care, which the local authority will means test, or those whose needs are primarily health-based and are eligible for NHS continuing healthcare. It is expected that all NHS and most local authority-funded residents will have their rent fully covered by the state, with some local authority-funded residents possibly requiring small 'top-ups' from family and friends. CIRET believes that these publicly-funded units will be at a 25-30% discount to the private self-funded rents; we will monitor this once the homes are operational.

- The Oldham Road development will provide high-quality **private rent housing**, with 35% of the units discounted (by approximately 15-20%) and allocated to key workers. Native Group, the Build to Rent operator managing these homes, specialises in delivering high-end accommodation. For example, the scheme includes a lounge space, cafe, rooftop garden and concierge service. Native Group will target individuals in the 75th income percentile, meaning that these PRS units will serve high-income households.

Some of the homes have been designed with sharers in mind, for example a 2-bed home will feature equal sized double bedrooms and two bathrooms. If occupied by sharers, then we calculate that these PRS homes become affordable to middle-income individuals.



For the discounted key worker units, Cheyne Capital have a person-centered approach to affordability. Rather than understanding affordability as a discount to open market rent levels, which are subject to high inflation, CIRET advocates rent-setting according to resident incomes. This means understanding that if rent exceeds 30% of the household's net income, the household is considered overburdened.

Cheyne Capital monitor local earnings to ensure that rents and rental increases reflect local earnings and salary increases rather than market trends.

This approach to affordability sees these homes become significantly more affordable than alternative market offerings.

To ensure that Native Group set rents appropriate to key workers, CIRET has provided the operator with a guidance document that provides the typical salary ranges for public sector key workers, such as nurses, teachers, and police officers, in the Manchester region. According to this, qualifying key workers must earn between £24,000 to £32,000 per annum, and their respective rents will be set so that they do not exceed 30% of net income. These units will therefore be affordable to middle-income key workers willing to share accommodation.


We have heard from several providers that CIRET has a flexible approach to rental increases. For example, due to the recent sharp rise in inflation, CIRET reduced Forward Housing's rental increases from CPI+1% to CPI. CIRET confirmed that CPI+1% is its upper limit for rental increases for private rent homes, and CPI is the upper limit for the discounted rent units, which it will continue to review against local earnings. We believe this to be a best-practice approach given the economic climate.

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■ QUALITY HOMES

Fund developments which improve access to high-quality housing that includes:

- a) Environmental sustainability – good energy efficiency, build quality, etc.
- b) Social sustainability – pleasant environments, social infrastructure within reach e.g. close to transport, etc.

IMPACT OBJECTIVE	IMPACT METRICS	2021 RESULTS	2022 RESULTS
 <p>QUALITY HOMES</p>	Breakdown of completed units by EPC rating (24% of CIRET's portfolio):		
	A	0%	0%
	B	6%	5%
	C	23%	24%
	D	54%	54%
	E	15%	15%
	F	2%	2%
	Number of existing homes with improved EPC ratings	n/a	0
	Expected EPC rating of units under construction (76% of CIRET's portfolio):		
	B+	100%	100%

CIRET's new-build homes have been designed, and will be operated, with residents' needs in mind. These homes make up the vast majority of CIRET's portfolio and look to be of high quality and both socially and environmentally sustainable.

ENVIRONMENTAL SUSTAINABILITY

CIRET's operational homes, which account for less than a quarter of CIRET's portfolio, have weak environmental performance. Only 29% have received an Energy Performance Certificate (EPC) grade of C or higher. This is lower than the national average, which in 2021 saw 52% of homes receive an EPC rating of C or higher.¹⁵ The majority have EPC ratings of D. Two SSH homes have F ratings, which means they fail to meet the government's minimum energy efficiency standard of EPC grade E. These gradings reflect the fact that many of these properties are repurposed older housing stock acquired from Cheyne Capital's previous real estate fund.

CIRET has not conducted retrofit programmes over the last 12 months. This is because it wants to minimise disruption to residents, many of whom have specialist care needs, throughout the Covid-19 pandemic. Some housing providers have conducted small refurbishment works on several properties over the year, such as P3 Housing installing new insulation and several boiler upgrades, and Forward Housing replacing windows in a few homes.

Although such works are beneficial, we believe a more extensive retrofit programme is required to improve the environmental performance of CIRET's operational units but recognise that this is best managed when homes are vacated when tenants move out. Cheyne Capital is currently in discussion with Thera Trust and P3 Housing to establish a refurbishment programme which will improve the environmental performance of the older stock whilst remaining sensitive to resident privacy and care needs.

The three new build developments, which account for 77% of the Fund's total homes, are under construction and therefore have not received EPC ratings. CIRET has designed these developments to achieve EPC ratings of B or higher. If so, a greater portion of CIRET's portfolio will meet the government's Clean Growth Strategy¹⁶ of upgrading as many homes as possible to EPC grade C by 2035.

We have heard from Liberty Care Developments, the developer of the Anavo Care scheme, that strong environmental specifications are important to their business model. They cited examples of working with CIRET to drive strong environmental performance, such as installing electric vehicle charging points and air source heat pumps and reducing the use of gas appliances.

15. Gov.uk.

16. HM Government – Department for Business, Energy and Industrial Strategy (2017).

17. Inside Housing (2022). [on following page]

SOCIAL SUSTAINABILITY

Over 90% of CIRET's operational homes are SSH homes. SSH is housing that has been designed or adapted for people who require care services to enable them to live in the community. These homes enable residents to live with a greater degree of independence and social integration than institutional care facilities. Our site visit to two SSH homes in Salisbury found the homes to be of good quality, such as with large garden areas, as well as located in areas where residents can interact with neighbours and community groups. Residents also showed us the local cafes and pubs that they visit.

We have been unable to contact Luton Borough Council or conduct a site visit to the eight temporary housing units. Although these homes represent only 2% of CIRET's portfolio, we would like to inspect these units for future Impact Reports.¹⁷

The Oldham Road development, which will provide 144 general needs homes to the private sector, is under construction. The scheme's housing manager, Native Group, informed us that it will only agree to operate homes of a sufficient size and quality for its customers. The provider focuses on "creating places with soul", investing in amenity offerings to ensure the homes foster a sense of community, such as through on-site cafes, bakeries and gyms. The development is well located, next to schools, public transport, and other social infrastructure. Native Group reports that Cheyne Capital has "actively encouraged" conversations around resident cohesion and have made further capital commitments to enhance the scheme, such as installing stone worktops and technology upgrades.

CASE STUDY ANAVO CARE

The Anavo Care scheme will provide 140 residential care beds for the elderly split across two care home developments in Whitchurch and Crewe. We conducted a site visit of the 72-bed Crewe care home due to be completed in December 2022.

The building fits well within the residential area, using similar red-brick architecture as the neighbouring homes. The managing director of Liberty Care Developments met with local residents to understand their views on the scheme, and believes the development has their support. In terms of connectivity, there is a bus stop on the doorstep of the home, as well as car parking facilities. The town centre and train station are also less than a 10-minute drive.

The care home has been designed with resident needs in mind. The corridors are wide for adequate wheelchair access, there are communal garden facilities, and the rooms are spacious with en-suite wet room facilities. Catalyst Interiors, an award-winning specialist care home interior design company, has been appointed for the scheme. We conducted a desktop review of their portfolio which showed high-quality living environments that resemble hotel interiors. Liberty Care Developments expects that approximately £6,000 per room will be spent to maximise resident comfort.

Liberty Care Developments works to "bring the high street to residents", with the care home containing an on-site hair salon, pub, library and cinema, as well as break-out rooms where residents can participate in activities such as cooking and crafts. This 'household model' differs from an institutional setting because it interweaves clusters of rooms with boutique

shops and cafes. Operators hope that this will reduce resident isolation and loneliness, and foster a sense of community.


For visiting friends and family, as well as the local community, there will be large, glass-fronted café areas that will have generous natural light and comfortable seating. Additionally, Anavo Care [who will operate the care home] informed us that it has been refining its amenity offering so that homes operate as community hubs – hosting public speakers and events, for example.

Both the developer and operator report that Cheyne Capital has aligned impact objectives and has been open-minded, flexible and supportive of design modifications. CIRET has also stipulated that the scheme is to be tenure-blind. This means that, irrespective of whether residents are publicly funded or self-funded, the rooms will be designed and furnished the same, with equal access to all amenities. This model seeks to address the disparity in care home quality often found between publicly funded and self-funded residents. New-build care homes, since they require large financial investment and are not required to have an affordable allocation under the UK planning system, tend to cater only to the private market. The result is that publicly-funded residents are placed in older, less fit-for-purpose care homes, such as with shared bathroom facilities.

Both the developer and operator report that Cheyne Capital has aligned impact objectives and has been open-minded, flexible and supportive of design modifications.

■ QUALITY PARTNERSHIPS

Ensure property managers and care providers deliver quality services and outcomes for residents. Work to educate and encourage operators to further improve impact delivery. Have strong working relationships with partner organisations and appropriate financing terms that meet the funding needs of operators.

IMPACT OBJECTIVE	IMPACT METRICS	2020 & 2021 RESULTS
 QUALITY PARTNERSHIPS	Total number of partners	5
	Partners by type:	
	BTR property managers	1
	Residential elderly care operators	1
	SSH providers	2
	Local Authorities	1

As CIRET does not have a direct relationship with residents, it needs to partner with high-quality operators responsible for managing its homes. For CIRET to maximise its impact, it needs to manage these relationships pro-actively.

We judged that CIRET continues to partner with impact-aligned organisations and has acted as an active and responsible landlord for them.

Key Partners

CIRET works with of the following key partners currently:

PARTNER	SCHEME	PARTNER OVERVIEW
Forward Housing	SSH for those with learning disabilities	Part of the Thera Trust Group, Forward Housing provides accommodation to people with learning disabilities. Forward Housing leases CIRET's 65 SSH homes and sublets them to Empower Housing Association, a registered provider specialising in independent living accommodation for adults with disabilities. Since Empower Housing operates fewer than 1,000 units it is not subject to a Governance and Viability grading from the Regulator of Social Housing (RSH).
P3 Housing	SSH for people at risk of homelessness and/or with mental health conditions	P3 Housing is the housing association arm of the P3 Charity Group and provides supported accommodation for people experiencing homelessness, particularly those with multiple or complex needs. Since P3 Housing operates fewer than 1,000 units it is not subject to a Governance and Viability grading from the RSH.
Luton Borough Council	Temporary accommodation	Luton Borough Council is the local authority of Luton, England. All local authorities have a statutory duty to provide housing and support services to people who are homeless or threatened with homelessness.
Anavo Care	Residential care for the elderly	Anavo Care is part of the Anavo Group, providing residential care to elderly people who are no longer able to live independently. 90% of the homes run by Anavo Care are rated 'Good' or above by the Care Quality Commission (CQC).
Native Group	Oldham Road private rent and key worker housing	Native Group is a fast-growing build-to-rent (BTR) operator, as well as one of England's largest aparthotel managers. Native Group has a strong track-record of providing high-end residential management services.

When selecting partners, CIRET takes appropriate steps to ensure that they are impact-aligned and capable. Partners must demonstrate that they share and understand the impact ethos behind CIRET and demonstrate that they have the experience and capacity to deliver high quality services to residents. For example, Native Group, which will manage the Oldham Road key worker scheme, has over 20 years' experience in property management and strong relationships with schools and hospitals in the Manchester area, which gives them confidence that they will be able to appropriately market and manage the key worker homes.

Our interviews with CIRET's partners confirm that CIRET has been selective about partnering. Anavo Care believes that CIRET is an investor with aligned impact goals. Anavo Care takes confidence in CIRET's selectivity, believing that this guarantees that the homes it oversees are designed, built and managed to a high quality.

Similarly, Liberty Care Developments notes that CIRET has a pragmatic approach that "just gets what we are about". It also reports beginning to further integrate environmental and social considerations into the tendering processes since working with investors like CIRET, to heighten impact. All partners interviewed indicated a preference to continue working with Cheyne Capital on future schemes.

CIRET's ongoing monitoring involves monthly, quarterly and annual reporting from operators, which includes financial performance and regulatory compliance. Property managers of CIRET's operational properties, P3 Housing, Forward Housing and Thera Trust, report that they chat frequently with CIRET representatives. CIRET does not have an active relationship with Luton Borough Council – who oversee only 8 of CIRET's homes – due to the council being unable to commit more time than currently allocated.

For the two schemes under construction, Cheyne Capital informed us that it conducts monthly site visits and uses its in-house development team to ensure these developments remain on track. Anavo Care, which will manage the care homes, informed us that CIRET representatives have also visited one of its other care homes in Surbiton to understand the quality of its services better.

CIRET does not ask operators to collect or report on resident outcomes. These can be gathered through resident satisfaction surveys or other feedback channels. We recommended that

CIRET takes a more proactive approach here or holds partners to account for collecting and monitoring, resident outcomes. This will enable CIRET to better understand the difference its homes are having on residents, such as their health and wellbeing or sense of security, as well as highlighting areas where services can be improved.

Partners have demonstrated to us various ways that they engage with their tenants. P3 Housing and Forward Housing conduct annual tenant surveys, which include areas such as complaint handling and housing quality, and Native Group captures resident feedback through a review website called Homeviews. Residents in homes managed by Native Group will also have access to a bespoke app where they can log and monitor maintenance issues.

It is important that CIRET not only selects and monitors its partners, but also acts as a responsible landlord for operators. Since all operators are on Fully Repairing and Insuring leases (FRIs), the Fund opts for a "hands off" management approach to the day-to-day operation of the homes. We have heard from operators that CIRET has upheld these lease agreements. For example, P3 Housing informed us that since many of their residents have mental health conditions, they can frequently cause damage to homes. CIRET has covered their high repair and maintenance costs from an agreed sinking fund.


We have also heard from Anavo Care that CIRET has provided flexibility on rent payments, which has allowed it to deliver its preferred care model. For example, CIRET will allow a rent grace period while residents move into the care home so that Anavo Care residents are not rushed into beds.

When selecting partners, CIRET takes appropriate steps to ensure that they are impact-aligned and capable. Partners must demonstrate that they share and understand the impact ethos behind CIRET and demonstrate that they have the experience and capacity to deliver high quality services to residents.

■ INCREASE AND ACCELERATE SUPPLY

Drive delivery of affordable housing and specialist housing that would not be built otherwise.

Accelerate the rate at which stalled schemes are developed.

IMPACT OBJECTIVE	IMPACT METRICS	2021 RESULTS	2022 RESULTS
 <p>INCREASE AND ACCELERATE SUPPLY</p>	Number of new-build homes funded	350	284
	Percentage of new homes by:		
	Section 106	0%	0%
	Grant Enabled	0%	0%
	Unrestricted	100%	100%
	Number of existing homes acquired	83	83
	Number of existing homes converted to specialised housing	4	4

CIRET has a best-in-class approach to increasing the supply of affordable housing that wouldn't have otherwise been built.

CIRET does not invest in affordable housing legally required by a Section 106 planning obligation to be affordable housing. It judges that investment in these schemes would not make a high contribution to increasing the supply of affordable housing since the homes are already allocated for the affordable housing sector. Instead, CIRET invests in schemes that would otherwise be fully private-sector accommodation and then provides a discounted rent on a percentage of the homes. In addition, CIRET makes no use of government grant funding to do this, which allows this capital to be deployed by other affordable housing investors.

Where there is a Section 106 requirement, CIRET commits to paying the relevant Local Authority the requested financial contribution whilst continuing to provide the affordable housing allocation. This occurred in the Oldham Road development where CIRET paid approximately £310,000 to Manchester City Council as the requested off-site affordable housing contribution, yet continued to deliver affordable housing within the development.

This impact-driven model enables CIRET to make a substantial contribution to the delivery of affordable housing that would not be delivered otherwise.

CIRET hopes that local authorities and other investors will take note of their investment model to ignite wider systemic change that accelerates the supply of affordable and specialist housing. Throughout the fundraising process, CIRET has received widely positive feedback. Cheyne Capital believes that the sector acknowledges its investment model.

To date, CIRET has used this model to forward-fund two schemes, comprised of three new-build developments under construction. In total, these 284 homes account for 77% of CIRET's portfolio. We deem both developments of high additionality, for these homes would be 100% private market rent schemes otherwise.

→ The Anavo Care development allocates 50 of the 140 care beds to publicly-funded residents. Liberty Care Development confirmed CIRET's contribution to increasing the supply of affordable care beds, noting that all 140 beds would be easily let in the private market. In their experience, the supply of new high-quality care homes for publicly-funded residents relies solely on investors like CIRET, since local authorities do not have the financial capacity to invest in such schemes. Both Liberty Care Developments and Anavo Care would like to work with CIRET in future development opportunities and believe that they have the processes in place to make these efficient.

→ The Oldham Road development in Manchester specifies that 51 of the 144 homes are to be discounted and allocated to key workers. Native Group, which will operate the scheme, similarly confirmed CIRET's contribution to increasing the supply of affordable homes, judging that all homes could be let in the private market. Native Group would like to work with CIRET on future developments, believing that CIRET shares its vision for creating high-quality housing.



It is important to highlight that when CIRET originally committed in the Anavo Care scheme, the project involved the development of three care homes. Unfortunately, one of the care homes had construction cost increases that made the development unviable given that Cheyne Capital wanted to deliver 23 beds at highly discounted rents. This has meant that CIRET's portfolio has shrunk by 66 care beds since our last impact report. Since the Fund has not allocated capital in the last year due to a focus on fundraising, CIRET has not increased the supply of affordable or specialist housing over the last 12 months. We have been informed that an alternative investor is funding the care home, but that the 23 care beds CIRET had ring-fenced for publicly-funded residents will now be for private residents. This highlights the impact CIRET's investment model provides compared to what the market would otherwise do.

Three of the four operational schemes in CIRET's portfolio were acquired from CIRET's previous real estate fund, and therefore do not use this cross-subsidy investment model. The acquisition of the 83 operational homes maintains the supply of affordable and specialist housing, with the additionality of these units having occurred when the properties were originally purchased by Cheyne Capital's previous fund. Cheyne Capital explained that these properties continue to serve as an immediate source of income that has allowed CIRET to take on the development risk of the new-build developments.

The remaining operational scheme, comprised of 4 SSH homes overseen by Thera Trust, was added to CIRET's portfolio in October 2020. Thera Trust did this using £1.3 million of an agreed £10 million draw-down capacity arranged with CIRET. Over the last 12 months however, Thera Trust has not used this capacity further.

Thera Trust says that the increasing cost of real estate, materials and labour, as well as government cuts to housing benefits, have influenced their capacity to invest. We also understand that Thera Trust have alternative funding options which they believe to be more favourable, such as bond issuance. CIRET and Thera Trust will continue to negotiate the terms of this draw-down capacity, with both parties indicating that they would like to continue to work together to drive new home delivery. However, should Thera Trust no longer want this provision, CIRET will look to re-allocate the funding.

4 / CONTRIBUTION TO OUTCOMES

Impact objectives play an important role within impact assessment since these are activities over which CIRET has direct control. However, they are insufficient to capture CIRET's full impact as they fail to account for the outcomes experienced by residents.

This section assesses the change in outcomes experienced by residents living in CIRET's homes. As these are influenced by many factors, the Fund only contributes in part. Nonetheless, it is important to assess these outcomes since they provide insight into CIRET's ultimate impact on residents.

We have identified three target outcomes which CIRET aims to contribute towards:

- OUTCOME 1: Provide value for money
- OUTCOME 2: Strengthened community cohesion
- OUTCOME 3: Improved quality of life.

CIRET's investment strategy and subsequent outcomes contribute towards several of the United Nation's Sustainable Development Goals (SDGs). In particular, CIRET focuses on:



Since over 75% of CIRET's portfolio remains under construction, we have been unable to undertake a comprehensive review of outcomes experienced for this report. As the Fund matures and residents move into the completed properties, these outcomes and others will be assessed more closely through resident surveys and interviews. Still, through discussions with housing managers, developers, and care providers, as well as site visits, we have heard anecdotal evidence of the outcomes that current and prospective residents experience currently or are expected to.

The table below categorises these outcomes using the Impact Management Project's (IMP) five dimensions of impact.¹⁸ This is a standardised approach to impact measurement as agreed by a network of more than 2,000 organisations, practitioners and investors.

¹⁸. [Impact Management Project](#).

IMP DIMENSION		PROVIDE VALUE FOR MONEY	STRENGTHENED COMMUNITY COHESION	IMPROVED QUALITY OF LIFE
WHAT impact is CIRET having?		Providing value for money for public budgets by supplying cost-effective housing solutions for Local Authorities, for individuals with care needs or at risk of homelessness.	Strengthening community cohesion by creating high quality accommodation that is designed and managed to encourage social interaction, which is also tenure blind.	Improving resident quality of life, in terms of physical and mental wellbeing, by providing secure, high quality, and affordable accommodation.
WHO is experiencing the impact?		Local Authorities Central Government.	A broad range of tenants with various housing needs, in particular low-income elderly residents with care needs and key workers.	A broad range of tenants with various housing needs, such as people with complex care needs, households experiencing homelessness, low-income elderly people, and key workers at risk of being priced out of their local housing market.
HOW MUCH impact is CIRET creating?	Scale <small>(as at March 2022)</small>	Small scale – 79 SSH homes with the capacity to house 156 residents, and 8 temporary accommodation units with the capacity to house 16 residents.	Small scale – This outcome will be most applicable to CIRET's 284 new-build homes which are not yet operational but will house up to 381 residents.	Small scale – CIRET has 87 operational homes with the capacity to house 172 residents.
	Depth	Potential for high impact – dependent upon the cost-difference between CIRET's SSH and temporary housing and alternative housing options available to the relevant Local Authorities.	Potential for high impact – providing homes that are designed and managed to reduce isolation and encourage social interaction and mobility will have a significant impact.	Potential for high impact – improving the quality and affordability of people's homes will have significant impact, this depends on the degree of change in wellbeing experienced by residents.
	Duration	Likely long-term – the SSH homes are let on long leases, with the properties operating as a more cost-effective long-term solution than institutional settings. The temporary homes, although short-term for residents, are a long-term accommodation option for Luton BC.	Likely medium term – the care homes, by nature, will house residents for relatively short period of time, however this is not always the case. The key worker homes will likely be longer term housing.	Likely medium term – some of the homes are long-term with assured tenancies, others are shorter term, typically around (but not limited to) two years, although the long-term benefits are hoped to be significant.
What is CIRET's CONTRIBUTION to what would likely happen anyway?		The costs incurred by Local Authorities (Central Government) are likely better than what would have occurred without the availability of CIRET's homes.	A greater sense of community will likely occur compared to what will happen without the availability of CIRET's homes, especially given the UK's low supply of high-quality care homes orientated around social interaction.	CIRET's operational homes, having been acquired from Cheyne Capital's previous fund, have medium additionality. However CIRET's new-build homes will have high additionality, since these affordable homes would not have been built without CIRET.
What is the RISK of the impact not happening?		Efficiency risk – the social care costs incurred in SSH housing can turn out to be more expensive to Local Authorities than alternative housing options.	Execution risk – The housing managers operating CIRET's homes may not deliver high quality services, however this is reduced given CIRET's monitoring processes.	Execution risk – The housing managers operating CIRET's homes may not deliver high quality services, however this is reduced given CIRET's monitoring processes.

CIRET's investment strategy and subsequent outcomes contribute towards several of the United Nation's Sustainable Development Goals (SDGs).



PROVIDE VALUE FOR MONEY

CIRET's portfolio has 79 operational SSH homes. SSH has the potential to offer considerable value for money for public budgets. Research published by the charity Mencap in 2018 revealed that, on average, a person living in SSH required state funding of £1,569 per week. This is £191 lower than a residential care setting and £1,931 lower than an in-patient place per week. Since rents are paid through housing benefits, local authorities benefit from these cost savings.

The eight temporary accommodation homes managed by Luton Borough Council continue to provide accommodation for 16 highly vulnerable people who are likely to be experiencing homelessness. Often, temporary accommodation allows residents to move out of expensive, and often poor quality, nightly accommodation. These units provide value for money for the public purse since they are a cheaper form of housing than the likely alternatives of bed and breakfast (B&B) or hostel/bedsit accommodation. We have been unable to confirm with the council whether these units are cheaper than their alternatives.

Lastly, CIRET's new-build elderly care scheme will provide 50 care beds for publicly-funded residents. It is expected that these units will be 25%-30% cheaper than the self-funded care beds, providing significant cost savings to the local authority which would probably have had to pay higher rents for comparable high-quality elderly care accommodation. Liberty Care Developments and Anavo Care, the developer and operator of the scheme, believe that the rents will be approximately £1,100 per week, which is £350 cheaper than alternative care homes of similar quality.

STRENGTHENED COMMUNITY COHESION

CIRET's three new-build developments have been designed, and aim to operate, with community cohesion in mind. The care homes will have large communal areas; the Whitchurch home will have a rooftop space and community garden, and the Crewe home will have several cafes, boutique shops and break-out areas. Anavo Care, the operator of the homes, will provide an array of amenity offerings that are designed to reduce isolation and loneliness. The homes are expected to operate as community hubs, with spaces open to the public, so that residents do not themselves become an isolated community. See the case study on the Crewe care home on page 21 for further information.

Native Group, which will manage the private sector residential block, is passionate about "creating places with souls". It believes its homes provide not only a place to sleep, but a space where residents can interact and become a thriving community. There will be spaces for local bakeries, gyms and cafes to help integrate the residents with the wider community.

All three schemes will be tenure-blind – which means that the publicly-funded residents and key workers will receive the same quality services irrespective of their reduced rent. We believe this will produce significant social mobility and integration benefits for low-income residents.



IMPROVED QUALITY OF LIFE

Forward Housing, who oversee 75% of CIRET's operational homes, have a person-centred approach to resident support. They believe their bespoke support plans provide positive outcomes for their residents. On our site visits to two SSH homes, we heard positive feedback from care providers and residents on the impact these homes and services are having on resident wellbeing.

P3 Housing, which manages the remaining 14 SSH units, conducts an annual resident survey across their portfolio. The results from the 2022 survey, collected from 50 resident responses, found that 90% of residents 'Agree' or 'Strongly Agree' that P3 Housing deliver an excellent service, and 86% 'Agree' or 'Strongly Agree' that they are satisfied with the quality of repairs conducted at their homes.¹⁹ Although these responses are from residents across the operator's portfolio, and therefore may or may not be residing in CIRET's homes, the results provide a good indication of the impact the homes and management services are having on resident wellbeing.

Overall, this feedback suggests that CIRET's homes are having a positive impact on the quality of life of residents. It is clear that residents' wellbeing is heavily dependent upon the quality of services delivered by housing managers and, where applicable, care providers. CIRET's selection and monitoring of these operators continues to help ensure that residents receive good quality services and are more likely to experience positive outcomes.

According to his carer, Jim has become chattier and more positive since moving in, which is down to both the home being fit-for-purpose and Thera Trust's support.

19. [P3 Charity 2022 Tenant Survey](#).



RESIDENT STORIES²⁰

Jim is a 50-60 year-old man with severe learning disabilities who moved into his SSH home a year ago. Jim likes his bedroom which is decorated with pictures of his recent holiday in Bournemouth. Jim's previous home had limited his independence because he struggled to use the stairs and the bath. He is more comfortable in his new home, which is a single-storey bungalow with an en-suite wet-room. According to his carer, Jim has become chattier and more positive since moving in, which is down to both the home being fit-for-purpose and Thera Trust's support. Although his home is in a residential area, his carer believes Jim remains slightly isolated, since the home is far from the town centre. Nevertheless, Jim sometimes visits the local pub with his housemate, John, who also has learning disabilities and dementia.

Eleanor is a 25-35 year-old woman with learning disabilities who moved into her SSH home several years ago. Eleanor is very chatty and is proud to show guests around her living room that she recently redecorated. Her old home had damp, so she is "very happy" with this home. Especially since it has a large garden and patio area where she keeps and plays with her two pet rabbits. Eleanor has an active social life, frequently participating in horse-riding and a community farm. She also likes going to the cinema and local café with her housemate Amelia, who has severe learning disabilities. Currently, Eleanor shares her bathroom with Amelia who cannot use her bath for mobility reasons. They would both like a walk-in shower to be installed in Amelia's bathroom in the future.

Ben is a young man with Prader Willi Syndrome, Autistic Spectrum Disorder, and a learning disability. When referred to Thera Trust, Ben was living with his parents, who had recently had to stop working to provide 24/7 care at home. Thera Trust worked with Ben to better understand his support needs and to determine where best for Ben to live. In 2015, Ben moved into a suitable two-bed bungalow. Ben loves his new home, which reflects his personality; with his hand-drawn pictures on display and a colour scheme he chose! Ben enjoys his garden where he grows strawberries and raspberries, and where his new friends, Tommy and Ellie (his neighbour's cats) visit him regularly. Ben has displayed clear improvements in his confidence and verbal communication with carers, family and the wider community, and is now able to wash and dress himself, help in the kitchen, and go shopping. Overall, Ben is much more relaxed and happy with control over his life. Ben also has the support to pursue his own interests, with Ben hoping to begin assisted work in catering.

20. The names of the interviewed residents have been changed for this report.

5 / CONCLUSIONS AND NEXT STEPS

Overall, we judge that CIRET meets its impact objectives.

The Fund provides homes for residents with a variety of housing needs, with the new-build developments looking to contribute to significant positive social and environmental outcomes once operational. While affordability of the portfolio is limited by CIRET's cross-subsidy model, we believe the Fund has a best-in-class approach to increasing the supply of affordable housing.

STRENGTHS

- **Best-in-class approach to additionality** – CIRET's cross-subsidy model delivers affordable homes that would not otherwise be delivered. By going beyond the legal requirement for affordable housing that is stipulated in planning agreements, CIRET continues to embody a best-in-class approach to increasing and accelerating the supply of affordable homes.
- **Tenure-blind commitment** – By ensuring that all homes are designed and managed to the same quality, irrespective of whether private or affordable units, CIRET ensures that low-income residents access good quality accommodation and services. This tenure-blind model also fosters social interaction and community cohesion.
- **Strong partnerships** – CIRET continues to partner with impact-aligned partners such as housing managers, care providers and developers who focus on user health and wellbeing. Since it does not manage the homes directly, these partnerships are vital to ensuring that its homes continue to generate positive outcomes for residents.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- **Energy performance** – The environmental performance of CIRET's operational units remains weak. These homes are older stock acquired from Cheyne Capital's previous fund. As recommended in our previous impact report, these homes would benefit from retrofit programmes – especially as residents' energy costs continue to rise. We understand that CIRET is in the process of establishing a retrofit programme with partnering operators such as P3 Housing and Thera Trust Group.
- **Capturing additional data (in particular, resident outcomes)** – CIRET does not request that partner housing managers or care providers report on resident outcomes, such as results from tenant satisfaction surveys. Since it does not have a direct relationship with residents, this data should inform it better about the difference its homes are making to them.

APPENDIX

LIST OF DATA SOURCES AND RESOURCES USED TO INFORM IMPACT ASSESSMENT

DATA SOURCE / EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Portfolio data	Portfolio data provided to us by Cheyne Capital. For each scheme, this information includes the acquisition date and investment amount, number and address of properties, tenure type and care classification, operator details and EPC ratings.	Low	Reliant on accuracy of data provided by Cheyne Capital.
Interviews with key partners	Interviews carried out with CIRET's partners. Through these interviews, we aim to understand the operator's ongoing relationship with Cheyne Capital, as well as specific details in relation their specific homes and residents.	Medium	We aim to speak to all key partners for each Impact Report to triangulate findings. Anavo Care, Liberty Care Developments, Forward Housing, Native Group and P3 Housing were interviewed for this report. We were unable to speak to Luton Borough Council.
Interviews with CIRET staff	Interviews carried out with various members of CIRET'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 CIRET staff. Though these conversations provide insight into the Fund's processes and activities, they cannot provide the full picture since some information is confidential.
Contextual data	Contextual data is used throughout the report to provide information for specific impact objectives. Specific data sources include the national indices of deprivation, the Annual Survey of Hours and Earnings (ASHE), numbers of households on local authorities' waiting lists, Local Housing Allowance rates and Private Market Rental Statistics. These are referenced throughout.	Low	Where possible, contextual data is sourced from national datasets published by public bodies such as the Office for National Statistics and LUHC.
Site visits	We conducted site visits to two operational homes and one site under construction. Whilst here, we conduct a visual assessment of the homes as well as interviews with on-site staff, such as property managers or care providers.	Medium	Where possible, we like to visit as many operational homes as possible. However, this is sometimes restricted due to resident care needs. We visited two properties and one construction site.

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CIRET has invested £86m of capital to the current portfolio which is spread across six residential schemes. The portfolio will provide 371 homes for 553 residents.

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