

22 January 2025

Social Housing REIT plc

(the "**Company**" or, together with its subsidiaries, the "**Group**")

Publication of Circular and Notice of General Meeting - Change to Investment Policy

The Board of Directors announces a proposal to change the Company's Investment Policy. Accordingly, a circular will be sent to Shareholders today (the "**Circular**") containing further details of the proposals and convening a General Meeting at which shareholders will be asked to consider and, if thought fit, approve by way of an ordinary resolution, the amendments to the Company's Existing Investment Policy in the form of the New Investment Policy (as set out in the Appendix to this announcement).

It is proposed that the Existing Investment Policy is amended to increase the maximum exposure to any one Approved Provider to 35% (from 30%) of the Group's gross asset value, with the maximum aggregate exposure to the top two Approved Providers not to exceed 55% (previously not restricted).

Rationale for the proposed amendments to the Existing Investment Policy:

My Space Position:

Recently, the Company has experienced a decline in rent collection, and consequently dividend cover, following financial and operational issues with one of its Approved Providers, My Space Housing Solutions ("**My Space**"):

- The Company has not received any rent from My Space since the end of June 2024, which represents 5.3% of Gross Asset Value and 8.1% of annual rent roll as at 30 June 2024.
- A new management team has been in place at My Space since the end of 2023 but, whilst there has been an improvement of operational performance, My Space's financial performance has not improved.
- My Space's rent arrears have historically been, and will continue to be, fully provisioned for through the Expected Credit Loss.
- As of December 2024, the Company has received My Space's financial forecasts and the Company is of the view that My Space will not be in a position to pay rent in the short to medium-term.

Given the above, the Company has concluded that, in order to reduce its financial, operational and reputational risk exposure, it needs to find suitable alternative Approved Providers to which it can transfer or assign the leases on the properties let to My Space (the "**My Space Portfolio**").

The proposed change to the Investment Policy would enable the Company to transfer the My Space Portfolio away from My Space to better performing and better governed Approved Providers.

The approach is intended to achieve a similar improved outcome as experienced with the transfer of Parasol leased properties to an alternative Approved Provider, which has progressed well with both occupancy and rent collection improvements whilst maintaining the provision of services to existing residents.

Approved Provider Selection:

It is important to note the My Space Portfolio comprises Supported Housing ("**SH**") as well as Specialised Supported Housing ("**SSH**") properties, which means that the Approved Provider transferee is required to provide both the housing management services as well as the support to the underlying residents. This differs to an Approved Provider that only provides SSH services, where the services relating to the care or support for residents are typically outsourced.

This means that any Approved Provider in a position to take on some (or all) of the My Space Portfolio needs to have the expertise to provide both SSH and SH services. This narrows the pool of alternative Approved Providers for the My Space Portfolio. The additional flexibility afforded by the change in Investment Policy will allow the Company to transfer the My Space properties to the most appropriate Approved Provider(s), whilst maintaining resident services.

Concentration Risk:

Whilst the proposed change in Investment Policy permits an increase in concentration towards one Approved

Provider, the Company believes that such a change would be in the best interests of both the vulnerable residents and Shareholders, in that the Company believes that it is better to be concentrated to fewer but higher-quality Approved Providers.

In order to maintain a diversified portfolio and mitigate concentration risk, whilst increasing the maximum exposure to only one tenant, the Company has also proposed capping the maximum aggregate exposure to the top two Approved Providers at 55%, resulting in a maximum exposure to the second largest Approved Provider of 20%.

Disposals:

The Company is also proposing to remove the commitment within the Investment Policy to "not be actively seeking to dispose any of its assets" as Shareholders have expressed an interest in the Company pursuing potential future asset or portfolio sales.

General Meeting

The proposed amendments to the Company's Existing Investment Policy in the form of the New Investment Policy are deemed to be a material change to the Company's investment policy, requiring the approval of shareholders pursuant to Rule 11.4.14(2) of the UK Listing Rules, which will be achieved via the ordinary resolution to be proposed at the General Meeting (the "**Resolution**").

The Resolution is important to the Company and the Board recommends that every shareholder votes in favour of it, as the Directors intend to do in respect of their own holdings.

The General Meeting will be held at 12:00 p.m. on 10 February 2025 at the offices of Taylor Wessing LLP, Hill House, 1 Little New Street, London EC4A 3TR. The Circular and Notice of General Meeting will be mailed to shareholders or otherwise made available today, together with a Form of Proxy.

The Circular and Notice of General Meeting is available to view and download on the Company's website at www.socialhousingreit.com. Shareholders who require a Form of Proxy should contact the Company's Registrars at: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

A copy of the Circular and Notice of General Meeting will be submitted to the FCA and will be available for inspection from the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

Expected Timetable of Principal Events

Publication and posting of the Circular, the Notice of the General Meeting and the Form of Proxy	22 January 2025
Latest time and date for receipt of Forms of Proxy, CREST Proxy Instructions or CREST electronic proxy appointments for the General Meeting	12:00 p.m. on 6 February 2025
Record date for entitlement to vote at the General Meeting	6 February 2025
General Meeting	12:00 p.m. on 10 February 2025
Publication of the results of the General Meeting	As soon as practicable after the conclusion of the General Meeting

Notes:

1. The times and dates set out in the timetable above and referred to throughout this document and any accompanying document may be adjusted by the Company by announcement through a Regulatory Information Service, in which event details of the new dates will also be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Shareholders.
2. All references to times in this document are to London (UK) time, unless otherwise stated.

Defined terms used in this announcement shall, unless the context requires otherwise, have the meanings ascribed to them in the Circular.

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FOR FURTHER INFORMATION ON THE COMPANY, PLEASE CONTACT:

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The Company's LEI is 213800BERVBS2HFTBC58.

Further information on the Company can be found on its website at www.socialhousingreit.com.

NOTES:

The Company invests in primarily newly developed social housing assets in the UK, with a particular focus on supported housing. The majority of the assets within the portfolio are subject to inflation-linked, long-term, Fully Repairing and Insuring ("FRI") leases with Approved Providers (being Housing Associations, Local Authorities or other regulated organisations in receipt of direct payment from local government). The portfolio comprises investments into properties which are already subject to a lease with an Approved Provider, as well as forward funding of pre-let developments but does not include any direct development or speculative development.

The Company was admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 8 August 2017 and was admitted to the Official List of the Financial Conduct Authority and migrated to trading on the Main Market on 27 March 2018. The Company operates as a UK Real Estate Investment Trust ("REIT") and is a constituent of the FTSE EPRA/NAREIT index.

APPENDIX**Proposed New Investment Policy****Investment Policy**

To achieve its investment objective, the Group invests in a diversified portfolio of freehold or long leasehold social housing assets in the UK. Supported Housing assets account for at least 80% of the Group's gross asset value. The Group acquires portfolios of social housing assets and single social housing assets, either directly or via SPVs. Each asset is subject to a lease or occupancy agreement with an Approved Provider. The rent payable thereunder is, or is expected to be, subject to adjustment in line with inflation (generally CPI) or central housing benefit policy. Title to the assets remains with the Group under the terms of the relevant lease. The Group is not primarily responsible for any management or maintenance obligations under the terms of the lease or occupancy agreement, which typically are serviced by the Approved Provider lessee, save that the Group may take responsibility for funding the cost of planned maintenance. The Group is not responsible for the provision of care to residents of Supported Housing assets.

The social housing assets are sourced in the market by the Investment Manager. In asset selection, consideration is given to the alignment of an asset to supporting the impact objective sought.

The Group intends to hold its portfolio over the long-term, benefitting from generally long-term upward only leases which are, or are expected to be, linked to inflation or central housing benefit policy. The Group ~~will not be actively seeking to dispose any of its assets, although it~~ may sell investments should an opportunity arise, that would enhance the value of the Group as a whole.

The Group may forward fund the development of new social housing assets when the Investment Manager believes that to do so would enhance returns for shareholders and/or secure an asset for the Group's portfolio at an attractive yield. Forward funding will only be provided in circumstances in which:

- there is an agreement to lease the relevant property upon completion in place with an Approved Provider;
- planning permission has been granted in respect of the site; and
- the Group receives a return on its investment (at least equivalent to the projected income return for the completed asset) during the construction phase and before the start of the lease.

asset) during the construction phase and before the start of the lease.

For the avoidance of doubt, the Group will not acquire land for speculative development of social housing assets. In addition, the Group may engage third party contractors to renovate or customise existing social housing assets as necessary.

Gearing

The Group uses gearing to enhance equity returns. The Directors will employ a level of borrowing that they consider prudent for the asset class and will seek to achieve a low cost of funds while maintaining flexibility in the underlying security requirements and the structure of both the Company's portfolio and the Group.

The Directors intend that the Group will target a level of aggregate borrowings over the medium-term equal to approximately 40% of the Group's gross asset value. The aggregate borrowings will always be subject to an absolute maximum, calculated at the time of drawdown, of 50% of the Group's gross asset value.

Debt will typically be secured at the asset level, whether over a particular property or a holding entity for a particular property (or series of properties), without recourse to the Group and having consideration for key metrics including lender diversity, cost of debt, debt type and maturity profiles.

Use of Derivatives

The Group may use derivatives for efficient portfolio management. In particular, the Group may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred in accordance with the Investment Policy as part of the Group's portfolio management. The Group will not enter into derivative transactions for speculative purposes.

Investment Restrictions

The following investment restrictions apply:

- the Group will only invest in social housing assets located in the United Kingdom;
- the Group will only invest in social housing assets where the counterparty to the lease or occupancy agreement is an Approved Provider. Notwithstanding that, the Group may acquire a portfolio consisting predominantly of social housing assets where a small minority of such assets are leased to third parties who are not Approved Providers. The acquisition of such a portfolio will remain within the Investment Policy provided that at least 90% (by value) of the assets are leased to Approved Providers and, in aggregate, all such assets within the Group's total portfolio represent less than 5% of the Group's gross asset value at the time of acquisition;
- at least 80% of the Group's gross asset value will be invested in Supported Housing assets;
- the maximum exposure to any one asset (which, for the avoidance of doubt, will include houses and/or apartment blocks located on a contiguous basis) will not exceed 20% of the Group's gross asset value;
- the maximum exposure to any one Approved Provider will not exceed ~~30%~~ 35% of the Group's gross asset value, **however the maximum aggregate exposure to the top two Approved Providers will not exceed 55% other than in exceptional circumstances for a period not to exceed three months**;
- the Group may forward fund social housing units in circumstances where there is an agreement to lease in place and where the Group receives a coupon (or equivalent reduction in the purchase price) on its investment (generally slightly above or equal to the projected income return for the completed asset) during the construction phase and before entry into the lease. Forward funding equity commitments will be restricted to an aggregate value of not more than 20% of the Group's net asset value, calculated at the time of entering into any new forward funding arrangement;
- the Group will not invest in other alternative investment funds or closed-ended investment companies (which, for the avoidance of doubt, does not prohibit the acquisition of SPVs which own individual, or portfolios of, social housing assets);
- the Group will not set itself up as an Approved Provider; and
- the Group will not engage in short selling.

The investment limits detailed above apply at the time of the acquisition of the relevant asset in the portfolio. The Group will not be required to dispose of any investment or to rebalance its portfolio as a result of a change in the respective valuations of its assets or a merger of Approved Providers.

information, please contact ms@seg.com or visit www.ms.com.

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