HEALTH PROPERTY PARTNERS

INVESTOR GUIDE

Specialist Supported Living

The housing, care and investment model behind a sector driven by long-term structural demand, and how Health Property Partners brings every element together.

Property alone doesn't create successful supported living. Partnerships do.

SPECIALIST SUPPORTED LIVING ACROSS THE NORTH WEST OF ENGLAND

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What this guide covers

UNDERSTANDING THE MODEL

THE INVESTMENT MECHANICS

CHAPTER ONE

Why specialist supported living is different

Not every property can become a supported living scheme.

Many investors arrive from buy-to-let, HMOs, serviced accommodation or commercial property. Unlike those markets, a successful supported living scheme cannot simply be bought or copied. Each development depends on several specialist organisations working together before construction begins. That complexity is one of the sector's greatest strengths.

TRADITIONAL BUY-TO-LET	SPECIALIST SUPPORTED LIVING
Multiple tenant changes	**Long-term lease with a Registered Provider**
Landlord manages the property	**Day-to-day management undertaken by the housing provider**
Regular void periods	**No void risk during the lease** Subject to lease terms
Ongoing maintenance responsibility	**Internal repairs and maintenance often transferred under the lease** Subject to agreement
Competes with local landlords	**Specialist asset with high barriers to entry**

EVIDENCE SNAPSHOT

23–25%

of eligible people currently live in supported housing

27,000–34,500

additional supported living homes England needs by 2037

Source: Housing LIN / LDAHN research

CHAPTER TWO

What supported living is, and why demand is growing

Supported living lets people with care and support needs live in their own homes while receiving tailored support. Unlike residential care, housing and care are separated.

RESIDENTIAL CARE

- Housing and care provided together
- Residents live within a care service
- Limited housing choice

SUPPORTED LIVING

- The individual occupies their own home
- Housing and care are contracted separately
- Greater independence, choice and control

Four forces are driving sustained, structural demand.

01 DEMOGRAPHIC PRESSURE

Many adults still live with ageing parents, in unsuitable housing, or in settings that do not match their needs.

02 POLICY DIRECTION

Successive governments have backed community-based support, reduced institutionalisation and greater housing choice.

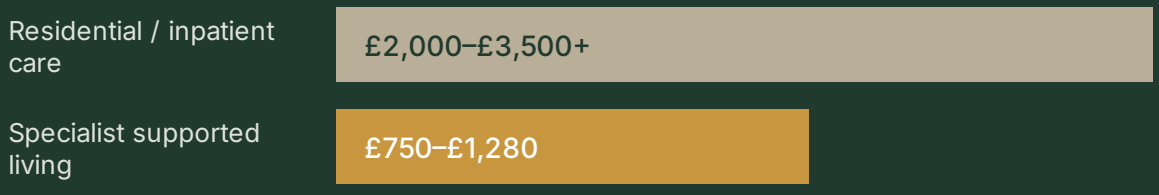
03 FINANCIAL PRESSURE

Supported living can cost significantly less than institutional alternatives, as the comparison below shows.

04 HOUSING SHORTAGE

Supply sits well below commissioner requirements, and new schemes need land, planning, care alignment, a Registered Provider and capital.

ILLUSTRATIVE WEEKLY COST, PER PERSON



Source: NHS England Transforming Care Programme

CHAPTER THREE

The North West market

Health Property Partners focuses on opportunities across Cheshire, Greater Manchester, Merseyside, Lancashire and the wider North West.

- Large population centres with concentrated need
- Significant, evidenced commissioner demand
- Established care infrastructure
- Relative affordability against London and the South East
- Active regeneration and development markets

The North West remains one of the UK's most active regions for specialist supported living delivery, creating opportunity for investors and housing providers alike.

Regional focus is part of the expertise.

Commissioner relationships, care provider networks and planning knowledge are local by nature. Concentrating on one region is how those relationships are built and maintained, and it is why schemes can be validated against real, current need rather than national averages.

CHAPTER FOUR

Why investors partner with Health Property Partners

A scheme only proceeds when demand, care, housing and property are aligned. Health Property Partners manages that sequence from the first conversation with a commissioner to the completed investment.

1. Commissioner identifies a housing need
2. **Health Property Partners validates demand**
   WHERE WE BEGIN
3. Care provider secured
4. Registered Provider engaged
5. Property sourced or developed
6. Long-term lease agreed
7. **Completed investment**

WHAT WE BRING TOGETHER

Every element, under one roof

- ✓ Commissioner relationships
- ✓ Care provider network
- ✓ Registered Provider partnerships
- ✓ Property expertise
- ✓ Planning knowledge
- ✓ Development management
- ✓ Long-term lease structuring

The opportunity is not finding a building. The opportunity is bringing every stakeholder together, successfully.

> WHY IT IS DIFFICULT TO REPLICATE
>
> Assembling these elements can take 18 to 36 months from identified need to operational asset. Once a scheme is running, replacement supply is slow to emerge, particularly where it has been designed around a specific local need. What makes schemes hard to build is what protects them once they exist.

CHAPTER FIVE

How supported living is funded, and why commissioners use it

One of the most misunderstood aspects of the model. Housing and care are funded through separate mechanisms.

HOUSING COSTS

- Housing Benefit
- Universal Credit housing element
- Exempt accommodation arrangements

CARE COSTS

- Local authorities
- NHS commissioners
- Personal budgets

WHY THIS MATTERS TO INVESTORS

Because housing and care are funded separately, the two can evolve independently. Care packages can flex as needs change without disturbing the housing arrangement, which supports operational flexibility and resilience.

Why commissioners use it

Local authorities and NHS bodies are seeking housing solutions that improve outcomes and reduce cost across the wider system.

- Promote independence
- Improve resident outcomes
- Reduce reliance on residential care
- Reduce overall system costs
- Let care packages flex over time
- Less reliance on institutional settings

The own front door model lets people live in self-contained accommodation while support adjusts around them, so care can change without anyone having to move home.

CHAPTER SIX

Registered Providers, leases and service level agreements

Registered Providers are housing organisations regulated by the Regulator of Social Housing. They sit at the centre of the housing structure, leasing the accommodation and managing it day to day.

HISTORICALLY

20–25 years

Longer fixed lease terms

CURRENT MARKET

10–15 years

Often with periodic review mechanisms

WHY THIS MATTERS TO INVESTORS

The Registered Provider is central to the structure. Understanding the quality, governance and financial standing of the RP is an important part of assessing the overall strength of a scheme, and Health Property Partners' existing RP partnerships are where that assessment begins.

Service level agreements

An SLA coordinates the working relationship between housing and care, keeping the two sides aligned in day-to-day operation. It typically covers:

- Referral pathways
- Communication protocols
- Occupancy processes
- Service standards

A clear SLA is what keeps housing and care delivery moving in step once a scheme is live.

CHAPTER SEVEN

Common scheme structures

Schemes take three broad forms, each suited to a different level of need and operational scale.

Single bungalows

ONE RESIDENT

- High-acuity support needs
- Maximum independence
- Significant privacy

Cluster developments

FOUR TO EIGHT HOMES

- Shared staff provision
- Shared infrastructure
- Efficient at small scale

Apartment schemes

EIGHT TO FOURTEEN HOMES

- Staff office or hub
- Own front door
- Economies of scale

~12 units is often regarded as the practical operational sweet spot, balancing economies of scale with a domestic feel.

From identified need to operational asset

A typical scheme moves through eleven stages over 18 to 36 months, depending on planning complexity and scale. Health Property Partners manages each of them.

- Commissioner need identified
- Care provider alignment
- Site identification
- Feasibility assessment
- Planning submission
- RP engagement
- Lease structuring
- Construction
- Handover
- Stabilisation
- Refinance or disposal

CHAPTER EIGHT

Experience creates opportunity

Most investors recognise the potential of supported living. Far fewer know how to deliver a scheme successfully.

Our role is to reduce complexity by managing the relationships, technical knowledge and commercial negotiations needed to create an investment that works for every stakeholder: commissioners, care providers, Registered Providers, developers, property owners and investors.

> We do not sell property. We create specialist supported living investments.

Every asset class carries risk. Each of the main risks here has an established route to mitigation.

RISK	HOW IT IS MANAGED
Occupancy	Commissioner-led demand analysis before any commitment
Care provider	Established provider relationships and alignment from the outset
Registered Provider	Governance and financial due diligence on the RP
Planning	Specialist planning strategy
Development	Experienced development team and management
Policy	Alignment with long-term public policy on community-based support

CHAPTER NINE

Who invests, and how they exit

The sector draws a broad range of capital, from private investors to institutions.

- Property investors
- High-net-worth individuals
- Family offices
- Specialist supported living investors
- Housing-focused funds
- REITs

Assessed as a risk-adjusted proposition

Specialist supported living should not be judged on headline yield alone. Higher gross yields elsewhere often carry tenant turnover and voids, refurbishment costs and greater operational involvement.

WHAT ATTRACTS INVESTORS

- Needs-led demand
- Long-term accommodation requirements
- Specialist assets
- Multiple exit routes

WHAT SCHEMES ARE JUDGED ON

- Long-term demand fundamentals
- Lease structures and covenant strength
- Occupancy resilience and exit liquidity

COMMON EXIT ROUTES

- Sale to specialist investors
- Sale to REITs
- Family offices
- Institutional investors
- Refinance and hold

Once operational, demand is evidenced, care is established and the specialist accommodation is difficult to replace. That is what contributes to long-term resilience.

NEXT STEPS

Investing with confidence

Every successful supported living development starts long before construction.

It begins with understanding local need, building trusted partnerships and structuring schemes that work for commissioners, care providers, housing providers and investors alike. That is exactly what Health Property Partners delivers.

Let us discuss your investment objectives

We would welcome a conversation with you, whether you are:

- An experienced property investor
- A developer seeking new opportunities
- A landowner
- A family office
- Looking to diversify beyond traditional buy-to-let

We will show you how specialist supported living can become part of your investment strategy.

Arrange a confidential discussion today.

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