

Executive Summary

Matter Real Estate LLP (“Matter”) is a specialist fund manager targeting real estate sectors across Northern Europe where there is a strong societal need, long-term structural demand and barriers to large-scale investment. These strategies are implemented through investing in and partnering with companies operating in such areas or direct investments via Matter’s core fund strategy.


Portfolio Overview as of 31 December 2024


<p>Matter had advised on the investment of £601.3m</p> 	 <p>In 8 Investee Companies (-1 and +1 in 2024) and 1 UK real estate investment trust</p>
 <p>Across UK, Ireland, Sweden, Denmark and Germany</p> 	<p>3,425 homes across the portfolio, of which:</p> <ul style="list-style-type: none">🏠 2,412 build-to-rent homes🏠 627 affordable housing and shared ownership homes🏠 318 for-sale family homes🏠 68 integrated retirement living homes
<p>A total of 4,842 residents living in homes owned by Matter’s Investee Companies</p> 	<p>Occupancy rate 95%</p> 

This is Matter’s third Impact Report. It has been produced by The Good Economy (TGE), an independent advisory firm specialising in impact measurement and management. It covers the period from 1 January to 31 December 2024.



Impact Objectives

Assessing how Matter drives impact through its actions.

- 
 - Pre-investment phase**
 - Make impact-aligned investments**

Matter maintained the strategy of investing in companies that address societal needs, with the typical demographic being middle-income households whose needs are not suitably met by the market.
- 
 - Operational phase**
 - Enable growth in Investee Companies**


Matter continued to enable growth in its Investee Companies and its REIT through the provision of capital, notably including £231.4m of additional investment in existing Investee Companies during the reporting period, along with hands-on support in areas of expertise to facilitate growth. This has translated to most of Matter’s Investee Companies making steady progress towards the growth targets outlined in their business plans.
 - Require high ESG performance**

Matter’s funds have continued to invest in companies delivering on the social component of ESG, and to be highly engaged in seeking to set up companies to operate effectively and sustainably. This includes supporting Investee Companies and the REIT to assess and mitigate potential risks, while formalising governance and data collection processes to ensure oversight of and compliance with required standards. However, Matter could do more to promote best practice in this area, through taking a more active role in supporting Investee Companies to maximise positive impacts for people, places and planet. This could include, for example, sharing best practice guidance on defining affordability, or implementing targets for property management and tenant satisfaction.
- 
 - Exit phase**
 - Assets are managed sustainably in the long term; and**
 - ESG standards are implemented beyond Matter’s ownership**


Matter exited from one Investee Company during 2024/early 2025 – Zest, a developer of primary care centres in Ireland. Overall, we believe that the sale mostly ensures ESG standards are implemented beyond Matter’s control and that the assets will be managed sustainably in the long-term due to the protection of long-term leases. However, Matter could look to implement a more formal responsible exit process moving forward.


Outcomes


Assessing the contribution of Investee Companies to changes in outcomes for people, place and planet.

- 
 - Projects are designed energy efficiently**

Matter’s Investee Companies mostly deliver portfolios which are in line with the expected standard for new-builds in terms of energy efficiency. In addition, Matter’s European operators are targeting developments which go beyond standard requirements to deliver more energy efficient buildings.
- 
 - Jobs are created directly and indirectly**

Job creation across Matter’s Investee Companies during 2024 has been driven almost exclusively by Placefirst, which created 30 new FTE roles in the period, the majority of which were indirect construction operatives. This is a reduction from 224 FTE roles created across the Matter portfolio in 2023.
- 
 - Developments meet key areas of social and societal need**

Matter’s portfolio addresses a range of housing-related needs, with continued strong occupancy levels (95%) demonstrating the level of underlying demand for Matter’s homes. With the sale of Zest, Matter’s contribution to addressing health needs has substantially lowered.
- 
 - Investees support identified user groups**

Half of Matter’s Investee Companies aim to target an identified user group through their core housing delivery, including the following groups: key workers, first-time buyers, public service workers and older people. Across these companies, the respective priority user groups make up 32% of residents. For the other Investee Companies, there is no specific priority user group defined – they simply aim to serve middle- to lower-income households whose housing needs are not currently being met by the market.
- 
 - Buildings are designed and managed responsibly and sustainably for the long-term**

Regular, comprehensive climate risk analysis and management processes indicate long-term resilience and sustainability. Most new-builds are appropriately sized (91% meet National Space Standards) although at Matter’s largest investee, Placefirst, and its REIT, only 29% and 46% of homes respectively meet this standard – this is largely a result of Placefirst’s strategy to predominantly refurbish and improve existing buildings rather than building new.