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Our blueprint for delivering social value

Our approach for assessing and delivering social value for direct real estate

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Executive Summary

In this document, we set out Aberdeen Investments' approach to social value for its direct real estate investments.

What is social value?

Social value refers to the social benefit that can be achieved or generated through a given activity.[1] In real estate investment terms, this means minimising the negative impact of a building on society, and maximising the positive impacts.

Drivers for considering social value in real estate:

People spend 90% of their time within buildings.[2] And while socio-economic inequalities are deeply rooted in society as a result of various historical, economic and social factors,[3] the built environment has huge potential to deliver social value to occupiers and surrounding communities.

While the regulatory backdrop for considering social value in real estate is limited, the drivers for consideration throughout the investment process are to:

- Drive investment performance;
- Deliver socio-economic benefits specific to the building's location;
- Deliver against the 'just transition'.

Our real estate approach to social value

Aberdeen Investments' approach considers a range of environmental, social and governance (ESG) factors that are both directly and indirectly related to social value. This ensures we manage social-value risks and opportunities within our investments at each investment process touchpoint.

It's important to acknowledge that social value can be delivered at assets both:

- Inherently: through the existence of the building and how it's operated
- Intentionally: through active decisions to deliver additional actions.

In practice, this means managing our assets so as to avoid harm to society and comply with regulation and planning policy (inherent social value), while delivering intentional asset management initiatives to meet local social needs that are specific to a given location. Through this, we intend to:

1. Promote the health and wellbeing of our occupiers
2. Meet local community needs
3. Connect our tenants with each other and their surrounding communities.

Our approach is grounded in the belief that by delivering initiatives that meet asset-specific and community-specific social needs, we have the potential to achieve better investment performance, while contributing to happier, healthier tenants and communities.

[1] PPN 002 Guide to using the social value model (HTML) - GOV.UK

[2] The National Human Activity Pattern Survey (NHAPS): a resource for assessing exposure to environmental pollutants | Journal of Exposure Science & Environmental Epidemiology

[3] The Roots of Economic Inequality | Yale Insights

What is social value?

In the context of real estate investment, social value refers to the positive social benefits that can be achieved or generated either inherently through the existence and operation of a building, or via intentional and additional asset management activity. Such asset management activity can take many forms for real estate assets, albeit with an overarching aim to protect and where possible enhance investment performance via the improvement of socio-economic, cultural and environmental conditions for tenants and communities.

Social value is defined by Social Value UK (the UK's professional body for social value) as "the quantification of the relative importance that people place on the changes they experience in their lives".[4] It's therefore understandable that social value in real estate investments has historically been focused on the process of measuring and reporting the monetary value that a building can bring to society. However, these measurement techniques are sometimes limited and are not always able to inform specific practical asset management activities that should be implemented to meet local social needs. While there remains a place for such measurement techniques, Aberdeen Investments' approach focuses more on identifying the local social needs of tenants and communities at various investment process touch-points. We can then budget to deliver against them at the asset-level, aiming to maximise depth and breadth of social value, where relevant.

At Aberdeen, this means managing our assets to avoid harm to society and comply with regulation and planning policy (inherent social value), while intentionally delivering asset management initiatives to meet specific local social needs and tenant needs. Through this, we intend to:

1. **Promote the health and wellbeing of our occupiers** – we can do this via the application of our sustainability risk and opportunity analysis and via completion of tenant surveys (read more about our sustainability risk integration approach **here**).
2. **Meet local community needs** – we can do this via the completion of local social needs analysis against which we identify opportunities to meet such needs; and,
3. **Connect our tenants with each other and their surrounding communities** – we can do this by ensuring we consider our tenant and community needs holistically, to inform the delivery of inclusive spaces that create a sense of community.

The delivery of the above means assessing what initiatives can be delivered for the benefit of both the building occupiers and the wider community. These can be achieved via the design of the building pre-development, through post-development refurbishment upgrades, and by the operational management of the building.

This document outlines our approach to social value throughout our investment process – including during deal underwriting, asset management and development/ refurbishment. Importantly, it outlines how we can intentionally deliver sector-specific and geographically tailored solutions to deliver social value. In addition, this document also outlines how we can report wider social value impacts that may not be intentional but still occur because of the nature, existence and operation of the building.

It's important to note that this document is not intended to be an overview of all the extensive work that Aberdeen Group as a whole does around community impact, charitable giving, DEI (diversity, equity and inclusion) and volunteering. This information is available in Aberdeen Group plc's annual sustainability report, which is available **here**.[5] Rather, this document intends to outline how we can deliver social value, specifically as part of our real estate investment activity.

[4] What is Social Value and Why does it Matter? – ISV

[5] Aberdeen PLC Sustainability Report 2025

Drivers for considering social value in real estate

The real estate industry has long-since considered a range of environmental, social and governance (ESG) risk and opportunities that are both directly and indirectly related to social value - for the simple reason that these factors can be material to investment performance. On that note, considering social value to some degree is nothing new.

Aberdeen Investments' long standing ESG approach is no different, integrating ESG risks and opportunities, directly and indirectly linked to social value, throughout the investment process as well as including human rights related factors within our supply chain governance processes. Indeed, we must not forget that much of the environmental regulation (e.g. around noise, air quality and pollution) and sustainability-related certification schemes (e.g. BREEAM), which exist and shape the way we operate today, were specifically designed to protect both the environment and human health (and therefore support social value). For example, we assess factors such as soil/groundwater contamination risk and hazardous building materials risk during acquisition due diligence (both of which can be harmful to human health). We also assess other factors, such as energy efficiency (which can also indirectly affect social value, such as residential affordability). All of these factors, while 'environmentally' focussed, indirectly support social value.

However, unlike other macro-ESG themes like climate[7] and nature,[8] there is a much weaker regulatory backdrop that's driving social value in real estate investments beyond local planning regulations. Rather, the consideration of risks and opportunities relating to social value are more driven by investor sentiment. In turn, investor sentiment is driven by the growing global socio-economic disparities that can result in poor health and wellbeing outcomes for the local population[9] – all of which can be addressed in part by the built environment.

As a result of the lack of industry regulation (beyond the UK Social Value Act 2013[10] which relates more to public procurement) and industry guidance, there is a myriad of inconsistent approaches to deliver, report and measure social value. A recent report delivered by the European Supervisory Authorities (ESAs)[11] on the draft regulatory technical standards of the Sustainable Finance Disclosure Regulation (SFDR), cites a lack of common understanding on how to measure social aspects in the real estate sector in a meaningful way. In addition, with little in the way of news about the release of a potential EU social taxonomy[12] (to supplement the EU's green taxonomy), the regulatory backdrop to support social value remains sparse, particularly in the real estate sector.

While some progress has been made (e.g. via INREV's ESG SDDS[13] which captures social metrics), there's still a need for investment managers to develop clear, transparent processes by which to assess and deliver social value, particularly due to the opportunities that social value initiatives can provide in terms of potential improved investment performance.

Fortunately, there are multiple other reasons (beyond regulation) why we believe we should consider social value as part of our investment process. This relates to investment performance and wider societal benefits.

[6] https://www.aberdeeninvestments.com/en-gb/docs?editionId=14c79dc4-93cc-43fb-9129-0f91a77c7cd1

[7] https://www.abrdn.com/docs?editionId=42ec6ae7-d171-4a81-a0ac-1f06106c86b4

[8] https://www.abrdn.com/docs?editionid=3f1ed7c6-1ba4-4a12-a12e-b12500c7a5a4

[9] **Health inequities and their causes**

[10] **Social Value Act: information and resources - GOV.UK**

[11] **JC 2023 55 - Final Report SFDR Delegated Regulation amending RTS**

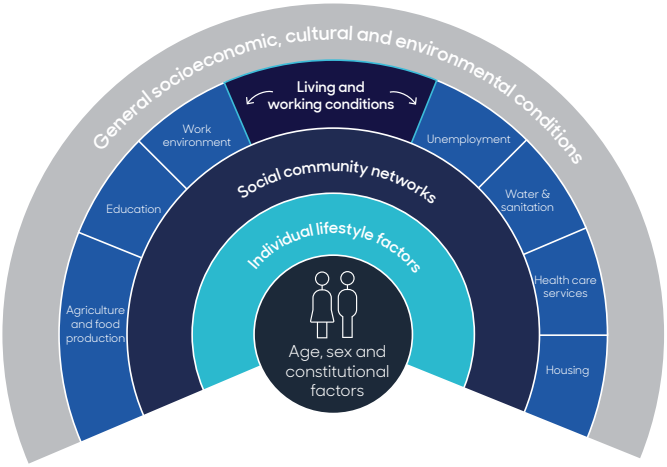
[12] **Platform on Sustainable Finance's report on social taxonomy**

[13] **ESG SDDS (Standard Data Delivery Sheet) | INREV**

Investment performance

From an investment performance perspective, we believe that delivering targeted social-value initiatives at our assets can contribute to investment performance. Research suggests that maximising social value can lead to a 5% uplift in the market value of a real estate asset.[14] We acknowledge, though, that wider data on investment returns associated with social value is limited. In addition, social value-related factors (e.g. location, accessibility, amenities) are typically already baked into asset performance anyway and difficult to disaggregate from non-social factors that also drive value. Despite this, our social value approach is grounded in the belief that tailored social interventions could have positive impacts on real estate financial performance. For example, community initiatives at **retail assets** can increase footfall and therefore sales – leading to higher occupier attraction and retention. For residential assets, social initiatives can promote tenant wellbeing, which in turn supports sustained rental income. For **residential assets** in particular, longer-term tenants can contribute to a better sense of community, which can then initiate a positive feedback loop in terms of attracting new tenants. In addition, better relationships with tenants and communities can reduce the risk of crime, conflict and damage, which limits associated operational maintenance and legal costs, and maximises tenant satisfaction.

Figure 1: The Determinants of Health Model



Source: The Determinants of Health Model. Source: Dahlgren and Whitehead (1991).

Societal benefits

From a wider societal benefits perspective, there are many reasons why delivering social value is important, including:

- **Growing disparities and public health**. There are a broad set of socio-economic, cultural and environmental circumstances (including education, employment, income, gender and ethnicity) that determine the health of the population. These are known as the 'social determinants of health'[15], which can be influenced by social-value initiatives at real estate assets. The lower an individual's socio-economic position, the higher their risk of poor health.[16] By addressing the determinants of health through social-value initiatives at our real estate investments (e.g. by improving employment and education opportunities, the quality and accessibility of public realm and the provision of quality housing), we can contribute to reducing socio-economic disparities, and enhance cultural and environmental conditions. This can improve health outcomes and reduce associated costs to the economy.
- **Enhancing community resilience**: Assessing the physical resilience of buildings is a fundamental part of Aberdeen Investments' process, but the resilience of associated communities cannot also be overlooked. There is increasing evidence that more cohesive, happier communities respond and recover much more quickly from destructive physical climate risk events. This is a crucial part of building our resilience to a changing climate.[17]
- **Nature restoration**: There is growing evidence to suggest optimising natural spaces can contribute to better health, wellbeing and enhanced user experience.[18] Therefore, delivering nature-based solutions to support social value has an inherently positive impact on the growing biodiversity crisis.
- **Delivering against the 'just transition'**: We must ensure that the transition to a low-carbon economy is a fair and inclusive one; any action aimed at reducing climate change should not result in widened disparities. Property retrofit programmes aimed at decarbonisation frequently present a parallel opportunity to deliver meaningful social value. It's therefore important that the industry considers elements of the 'just transition' (including fair treatment, inclusivity and decent work)[19] throughout the supply chain and related decarbonisation activities (e.g. installing renewables at buildings). You can read more about Aberdeen Investments' approach to the 'just transition' **here**.

[14] **Social-value-roadmap-for-real-estate-Sept-2022.pdf**

[15] **Social determinants of healt.**

[16] https://www.who.int/news-room/facts-in-pictures/detail/health-inequities-and-their-causes#:~:text=The%20lower%20an%20individual%E2%80%99s%20socio-economic%20position%2C%20the%20higher,and%20economic%20costs%20both%20to%20individuals%20and%20societies.

[17] **Community Resilience in Disaster Preparedness: Why It Matters - EIS.**

[18] https://www.abrdn.com/docs?editionid=3f1ed7c6-1ba4-4a12-a12e-b12500c7a5a4

[19] **What is just transition? And why is it important? | UNDP Climate Promise.**

Our social value reporting framework

When considering the social value delivered by our assets it is important to acknowledge that social value can be delivered both inherently and intentionally.

- **Inherent social value**: This can be delivered via a building's existence and its historical, cultural and geographical context. It can also be delivered through good asset management.
- **Intentional social value**: This can be delivered through active decisions delivering additional social value to benefit occupiers and surrounding communities by responding to specific local social needs. Such intentional social initiatives would typically be achieved through enhanced engagement with communities and tenants, to understand and deliver against local social needs.

We have developed a social-value reporting framework (see Figure 2) to provide a summary of this. Note that while benefits to stakeholders within the building and beyond the building are separated in the table below, it's important to note that many initiatives carried out at certain buildings can sometimes benefit both, and even contribute to better-connected communities.

Figure 2: Social value reporting framework

Asset lifecycle stage	Inherent versus intentional	Actions and benefits to stakeholders within the building (e.g. tenants and site users)	Actions and benefits to stakeholders beyond the building (e.g. local communities)
Developments	**Intentional impacts**	These are social-value-related characteristics that are intentionally created by the inclusion of certain features in the design of the building. **Examples**: WELL building certification, digital connectivity certification, solar shading, asset being built to deliver a social purpose (e.g. a care home).	These are social-value-related characteristics of a building (or the construction project) that are intentionally designed to benefit the wider local community. **Examples**: delivering accessible green spaces, prioritising local employment.
	Inherent impacts	These are inherent characteristics of a building that protect and support social value. **Examples**: affordability considerations as a result of planning requirements, management/mitigation of hazardous building materials and contaminated land remediation. Mitigation of any unacceptable climate-related hazards (e.g. flooding).	These are social-value-related considerations that inherently exist because of the way the building has been developed, and where the characteristics of the design (or construction project) are felt by the local community. **Examples**: delivering communal spaces with public access under planning requirements.
Standing investment	**Intentional impacts**	These are social-value-related measures that are intentionally delivered during the management of the building; they benefit tenant experience. **Examples**: subsidised rents, providing health and fitness equipment and childcare, targeting key-worker residents, assets delivering a social purpose (e.g. healthcare).	These are social-value-related measures that are intentionally delivered at a building. They are designed to benefit and/or involve the local community. **Examples**: communal/common spaces to host community events e.g. skills, training. Local procurement.
	Inherent impacts	These are inherent social-value-related characteristics of a building that have arisen from the general management of the building within its local context. **Examples**: affordability considerations, accessibility, occupier engagement.	These are incidental social-value-related characteristics of a building that benefit the local community, arising from the general management, layout and geographical context. **Examples**: maintenance and management of publicly accessible spaces for community use.

Source: Aberdeen, 2026.

Our principles and approach for delivering social value

Aberdeen Investments recognises that while social impact is often linked to dedicated impact-focused products, meaningful social value can also be delivered across all financial products (even those with only a financial objective), as social-value initiatives can be financially material to real estate performance.

We therefore apply a structured approach to delivering social value across our real estate activity, tailored to client priorities and asset strategy. The ability to generate social value varies by sector, location, and landlord influence, with greater opportunities in residential, office, and retail assets than in heavily tenant-controlled properties such as single let industrial assets. Across all asset types, the goal is to reduce social and economic inequalities by promoting occupier wellbeing, meeting local community needs, and strengthening connections between tenants and their communities where appropriate to do so. Because social value differs by context, initiatives and reporting must be tailored to each asset's local needs, characteristics, and configuration.

Our structured social value approach

Our structured approach integrates the consideration of social risks and opportunities across the full investment lifecycle. There are three levels of sophistication to which social value analysis is applied to a given portfolio:

1. House minimum requirements on social and environmental risks (applicable to all of our real estate mandates/portfolios);
2. Materiality review of social risks and opportunities relevant to the asset and fund it sits within (applicable to all mandates);
3. Local Needs Analysis (applicable to mandates with specific investor requirements, or where such factors are deemed material to the portfolio's investment strategy or underlying asset).

The above approach ensures social risks, opportunities and impacts can be analysed and reported across the full investment lifecycle, ensuring it is considered consistently at both fund and asset level where it is appropriate to do so.

The intention of our approach is to ensure that assets, where relevant, positively contribute towards specific local social and tenant needs, in support of a Fund's financial investment objective.

1. Avoiding harm: our ESG minimum house requirements

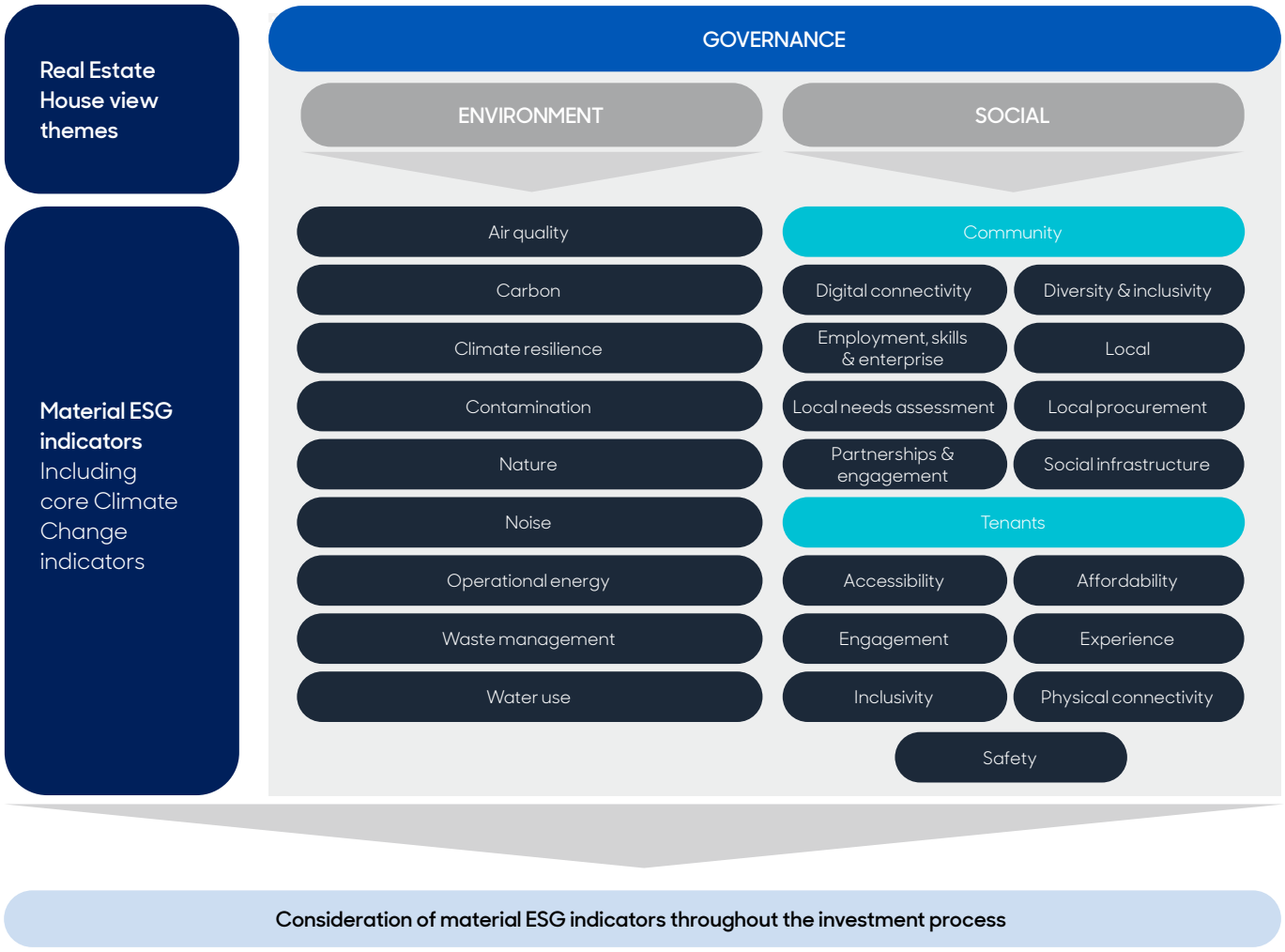
Our ESG minimum house requirements for social factors include implementing a robust set of procedures relating to anti-corruption and human rights when screening tenants, transaction counterparties and major suppliers (e.g. property managers). This includes applying exclusionary policies, anti-money laundering (AML) and know-your-customer (KYC) checks, and screening for politically exposed persons (PEPs). Property management suppliers also have to confirm they comply with anti-bribery laws, avoid modern slavery practices, and maintain protective measures in their supply chain. In addition, we have minimum standards for several environmental indicators that can indirectly cause a social risk. These include soil/groundwater contamination and hazardous building materials risk, flood risk, physical climate risk and energy performance certificate ratings where applicable. Our real estate funds may choose to consider additional social and environmental indicators that are material to their investment strategy beyond those stated above.

These factors are integrated throughout the investment process (during deal underwriting, asset management and development/refurbishment).

2. Materiality review of social risks and opportunities

Aberdeen Investments' ESG approach for real estate includes over 20 environmental and social indicators for consideration (see Figure 3) and provides a flexible framework. As previously outlined, it sets minimum house requirements on social and environmental risks, which apply to all investments. Secondly, it identifies a broader set of indicators, which can be further considered as a risk or opportunity. This assessment depends on one or more of the following drivers: investor appetite, geography, local regulation, and asset type. The 'environmental' topics of ESG are all indirectly related to social value (given that these aspects protect human health and wellbeing). The 'social' topics are all more directly related to social value.

Figure 3: Aberdeen Investments' Material Real Estate Sustainability Indicators



Source: Aberdeen, 2026.

This approach can be supplemented by our proprietary ESG Impact Dial Tool – an optional bespoke tool that can be adopted by funds where relevant. It provides a social-impact score based on building characteristics and management against the same set of social indicators outlined in the investment process.

3. Local Needs Analysis

A local needs analysis is a detailed assessment of the local socio-economic status of a given location, which provides insights on specific local needs that could be met through specific initiatives deployed at a given building. This can include a review of data relating to the local economy, employment, housing, education and skills, health and wellbeing, environment and connectivity.

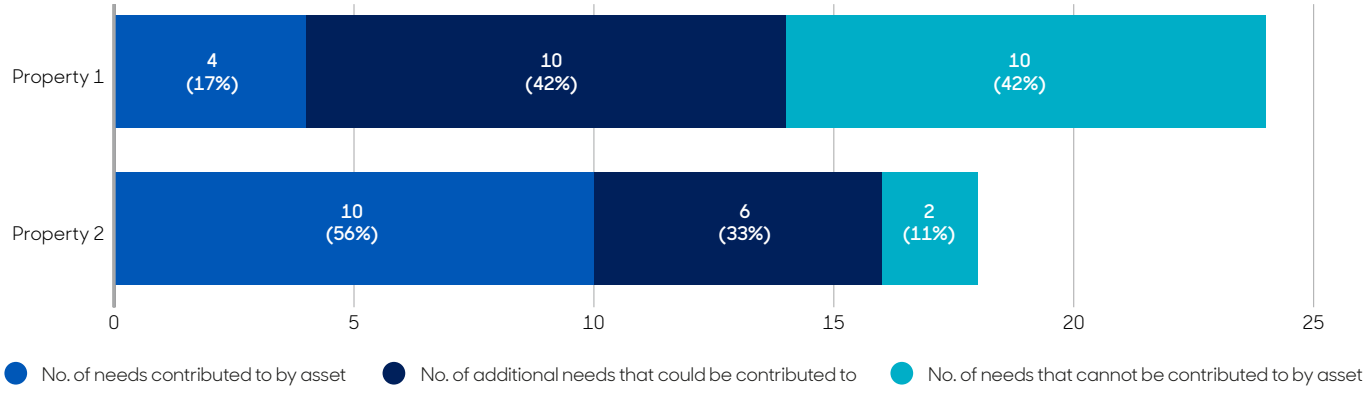
Local needs analyses can be completed either internally using publicly available data, or externally using a third-party consultant. A local needs analysis can help identify the approximate number of local needs, and the depth of each local need. We can then map out where the asset currently meets these needs, and where additional potential exists at the asset to meet these needs.

Using local needs analysis to measure social value performance and potential

This approach can help us to distinguish which assets have the greatest potential to contribute to social value, which can then feed into investment decisions. It also helps us to identify whether it's most appropriate to focus on meeting a greater number of needs (i.e. maximising breadth of impact), or a smaller number of needs but achieve a greater depth of impact (i.e. maximising depth of impact). Typical key performance indicators (KPIs) used to measure this include:

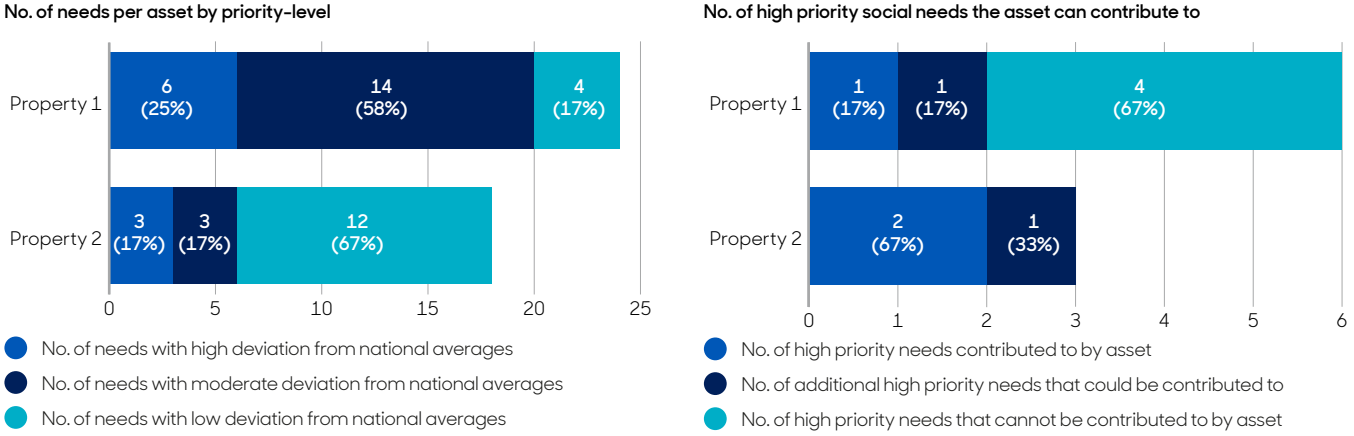
1. **Local needs by breadth (Figure 4)**. The number of local needs present in a given area, and the number of these that are either met[20] or unmet by a given asset. This helps to understand current and potential performance of an asset to deliver social value across multiple themes;
2. **Local needs by depth of need (Figure 5)**. Deviation of the specific social need from the national average (e.g. the extent to which a given need, such as local employment, deviates from national levels), and the extent to which these needs are met or unmet by a given asset. This helps us to understand current and potential performance of an asset to deliver social value across specific high priority local needs.

Figure 4: Quantifying breadth of local social needs and current vs potential performance of an asset against these.



Source: Aberdeen, 2026.

Figure 5: Quantifying depth of local social needs and current vs potential performance of an asset against these



Source: Aberdeen, 2026.

[20] It is acknowledged that it is very difficult to a building to ever fully meet/address a given local social need to the point of removing that specific need from society; rather it can only really contribute to meeting that specific need. However, for the purposes of reporting, we use the term 'met' to mean that the building contributes to a specific local social need.

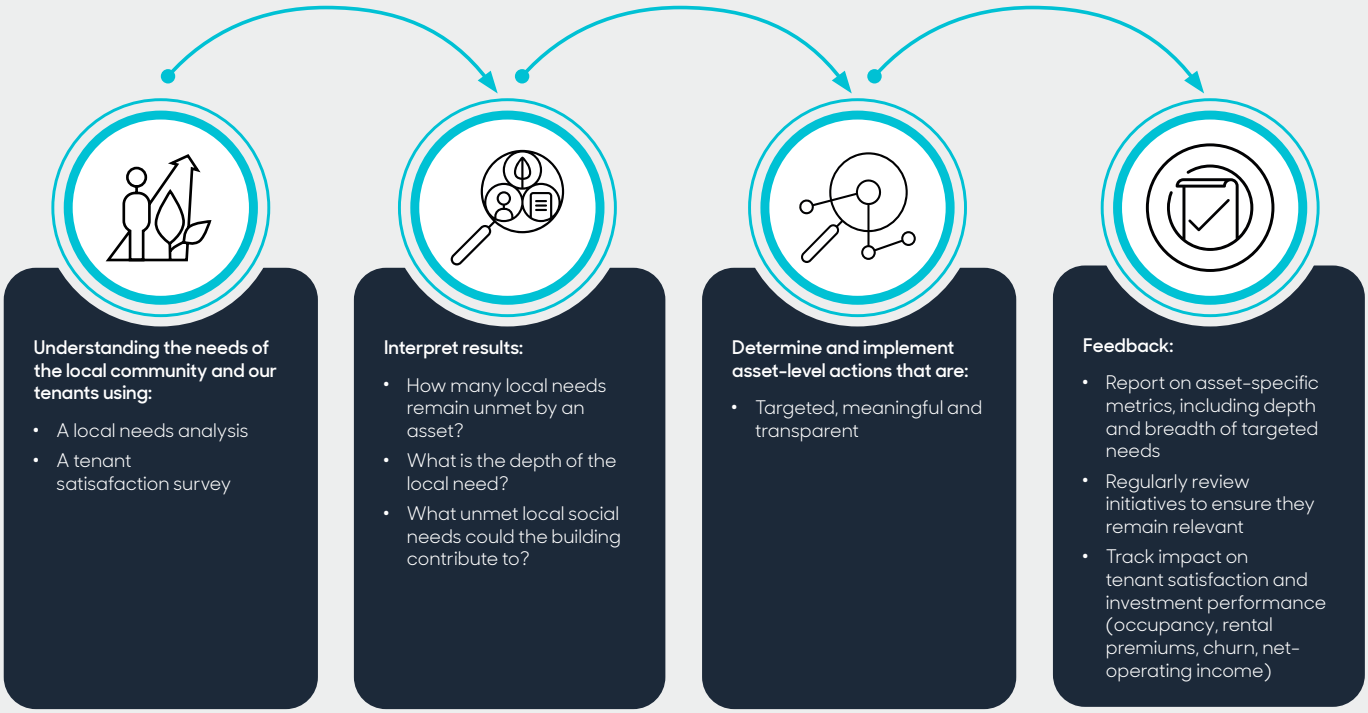
[21] **National TOMs 2019 Guidance 1.0.pdf**

The focus on achieving **depth** or **breadth** in social value will depend primarily on what opportunities actually exist in a building to meet these needs. It will also depend on which opportunities may have the greatest potential to maximise investment performance at a given asset. Following implementation, we can then report on the number of additional local needs met or targeted by a given asset.

In terms of measuring an asset's contribution to social value in monetary terms (such as via asset-specific KPIs or the National Themes, Outcomes and Measures (TOMs[21]) system endorsed by the local government authority), further analysis can also be conducted (where relevant and meaningful) post-implementation to review the success of these measures.

An outline of our overall process for understanding and delivering against local social needs and tenant needs is shown in Figure 6.

Figure 6: Our process for identifying and delivering against tenant and local social needs



Source: Aberdeen, 2026.

While local needs analyses have their limitations (via the use of sometimes broad datasets, which are unavailable in some countries), our aim is to mitigate this by ensuring any local needs analysis is as detailed as possible. A local needs analysis should cover multiple datasets on socio-economic trends, deprivation and social infrastructure.

Where relevant, it should also include community engagement as a means of gaining insight. As an extra level of insight, the findings of a tenant satisfaction survey can also be combined with the findings of a local needs analysis. This maximises the potential for robust initiatives to be identified that meet these local social needs at both the building and community level. Tracking the results of tenant satisfaction surveys over time is also a useful means of measuring the success of initiatives delivered at an asset.

Social value integration into the investment process

An overview of how we integrate social value into various touch-points of our real estate investment process is outlined below:

Fund Level

At the fund level, social factors are integrated into the fund's strategic plan, tracked via an ESG risk and performance dashboard, and governed through defined oversight structures. This creates a clear framework to enable social considerations to be treated as core elements of the investment strategy and decision-making process.

Asset Level

At the asset level, social analysis is applied at each stage of the asset lifecycle:

- **During acquisition**, social risks and opportunities are screened via completion of standard AML/KYC/ exclusions checks. This house minimum standard is complemented by the completion of local needs analyses for Funds that wish to prioritise social value (subject to materiality), with assumptions feeding directly into cashflow modelling and deal negotiations. This approach is completed across two stages, and allows impactful social value initiatives to be accounted for as part of the deal underwrite to maximise of specific local societal opportunities:
  1. **Pre-bid**: we screen assets internally using publicly available local social needs data and local planning policy to inform opportunities and costs to be reflected in bid assumptions;
  2. **During exclusivity**: we undertake a more detailed local needs analysis using a third-party consultant, to refine the assumptions made at pre-bid stage, to be included into the final cashflow.
- **Throughout asset management**, local needs analysis and tenant engagement inform asset-level social value initiatives, which are integrated into business plans and monitored. For development or refurbishment, via the completion of local needs analysis, social considerations are embedded into the design process from concept through to contracts, ensuring outcomes are intentional rather than retrospective.

Governance

Governance underpins the entire process. The ESG and Real Estate teams provide structured input, with social criteria assessed through due diligence and investment approval processes, and formal sign-off by the Investment Committee at key stages. ESG standards guide development and refurbishment activity, and major works are subject to Investment Committee approval with the approval factoring in ESG-related considerations, ensuring accountability and consistency. Overall, the process demonstrates how social risk and opportunity analysis can be systematically embedded into investment decisions and asset management, rather than treated as a standalone ESG exercise.

Social value delivery on the ground

Social value means different things in different localities (based on local social needs specific to that location), but it's often the asset type that helps us to define potential opportunities. Figure 7 provides an overview of different social-value initiatives that could be delivered at different asset types. Different asset types can have their own unique opportunities to promote social value, which can be explored on a case-by-case basis as part of Aberdeen Investments' process, subject to its materiality to the fund's strategy.

Where we (as landlord) are able to have influence, our top initiatives for delivering social value across various sectors are shown in Figure 7 (but note that tenant activities can enable these initiatives across a more diverse suite of property types):

Figure 7: Social value initiative examples across different property sectors

Initiative	Benefit to tenants	Benefit to community	Potential investment performance benefit	Applicable to which asset classes?
Creating shared spaces	Access to attractive, well-maintained areas for relaxation and social interaction.	Encourages community cohesion and improves quality of life through green spaces and shared amenities.	Enhances property appeal, increases tenant satisfaction and retention, and can justify premium rents.	Residential, retail, offices, industrial/logistics
Organising community events	Opportunities for social engagement and networking; improved sense of belonging.	Builds stronger social ties, supports education and cultural activities, and fosters inclusivity.	Creates a vibrant environment that attracts tenants and visitors, boosting occupancy and asset value.	Residential, retail, offices
Establishing communication channels	Keeps tenants informed and engaged; improves transparency and trust.	Facilitates dialogue, strengthens community identity, and promotes local initiatives.	Improves tenant satisfaction and reduces churn; enhances the property's reputation and brand value.	Residential, retail, offices
Promoting volunteerism	Provides meaningful ways for tenants to contribute to social causes; enhances sense of purpose.	Supports local charities and social projects, fosters resilience and shared responsibility.	Demonstrates ESG leadership, improves investor confidence and long-term value creation.	Residential, retail, offices
Building partnerships	Access to additional services and resources (e.g. workshops, internships).	Expands educational and economic opportunities; strengthens local networks.	Creates a differentiated offering, improves competitiveness and long-term demand for the property.	Residential, retail, offices, industrial/logistics.
Prioritising careers for local people	Tenants benefit from a skilled, locally sourced workforce that supports tenant businesses.	Reduces unemployment, boosts the local economy, and fosters social mobility.	Enhances reputation for social impact, attracts ESG-conscious investors and improves regulatory alignment.	Residential, retail, offices, industrial/logistics
Considering affordability	Provides housing options aligned with local income levels; reduces financial stress.	Addresses housing shortages and promotes social equity.	Improves occupancy rates, reduces vacancy risk, and aligns with responsible investment principles.	Residential

Source: Aberdeen, 2026.

Social value in residential real estate – a deeper dive

As investors in private rented residential assets, we recognise that delivering homes which respond to local social and tenant needs can help create resilient, thriving communities. Considering locally-specific social factors at the asset level (such as wellbeing, neighbourliness, safety and inclusion), we can support stronger social cohesion, reduce loneliness, and create a sense of security and belonging. Well-functioning communities can contribute to improved physical and mental health outcomes, with wider benefits for society.

From an investment perspective, these outcomes can be directly linked to asset performance. Content, engaged residents are more likely to stay longer, reducing tenant turnover and void periods, lowering marketing, reletting, cleaning and maintenance costs, and supporting more stable and sustained rental income. Cohesive communities can also contribute to lower crime and reduced building damage, further protecting operating margins.

These factors are particularly important in residential real estate, where defending net operating income (NOI) is critical. In addition, through our affordability analysis on residential properties, we can seek to set rents at appropriate and affordable levels for the target demographic, thereby meeting the deepest occupier market and support occupancy and reduce turnover. In addition, by prioritising energy efficiency to reduce household costs, we help maintain high occupancy and limit churn. Through our local needs analysis and tenant engagement, we are able to target initiatives that respond directly to local priorities, reinforcing both social value and long-term financial resilience.

Residential case study: Leeds – applying our social-value approach

As part of the operational management of one of our multi-family residential investments in Leeds, several **inherent** characteristics and **intentional** actions are in place to promote social value at the asset, which are detailed in Figure 8 below.

Figure 8: Inherent and intentional social value initiatives delivered at this asset

Initiative	Inherent or intentional	Benefits to tenants	Benefits to wider community
80% of units let at a 20% discount in line with planning requirements	Inherent	Makes high-quality accommodation financially accessible for residents, reduces the cost-of-living burden, and supports long-term housing stability.	Provides access to high-quality housing for lower-income groups and essential local workers.
324 residential units offered	Inherent	Offers a diverse mix of housing types to suit different household needs, enabling residents to find appropriately sized and priced homes within the development.	Supports local labour market stability by keeping essential workers housed locally.
Resident wellbeing through running club, yoga sessions, and on-site amenities (gym, lounges, roof terrace, laundrette)	Intentional	Enhances residents' physical, mental, and social wellbeing; creates informal social networks; reduces isolation; and provides convenient, cost-effective access to amenities.	n/a – only available to residents.
Inclusive tenant engagement: quarterly resident surveys ("You Said, We Heard") and increased on-site team visibility	Intentional	Strengthens trust and communication with management, ensures residents' voice is acted on, improves service quality, and fosters a stronger sense of belonging.	Stronger tenant cohesion reduces local disputes and enhances the perceived safety of the surrounding area.
Clothing recycling bins installed on site with regular use	Intentional	Provides convenient access to recycling, helps residents reduce waste, and encourages sustainable everyday behaviours.	Supports a wider circular economy within the surrounding community.
Solar PV installed; BREEAM 'very good' certification; improved energy efficiency lowers residents' utility costs	Intentional	Reduces energy bills, improves indoor comfort, and provides a healthier and more sustainable living environment.	Indirectly contributes to reducing local emissions and city-level sustainability goals.
Purpose-built, secure building with multiple indoor and outdoor communal spaces; cycle storage	Intentional	Improves day-to-day safety, supports active travel, and offers high-quality spaces for socialising, relaxation, and informal interaction.	Encourages active travel and contributes to local sustainable mobility patterns.
Resident events use local suppliers, with multiple events per year	Intentional	Enhances sense of community, offers enjoyable social experiences, and helps residents form connections with neighbours.	Direct economic benefit for small local businesses and cultural organisations.

Next steps

To date, activity has focused primarily on tenant health and wellbeing. Further analysis will allow us to identify additional opportunities to enhance social value for both tenants and the local community. We intend to complete a local needs analysis to better understand local priorities and the role the building can play in responding to them.

As an initial step, we have used Office for National Statistics data to identify local socio-economic challenges and assess how the asset currently performs against them.

This preliminary analysis highlights issues including income deprivation, health inequalities, employment vulnerability and housing affordability pressures. The building already addresses several of these needs through a mix of intentional social value initiatives and benefits inherent in its design, pricing and operational approach. In due course, a more detailed local needs analysis will inform further improvements and enable KPI reporting on the extent and effectiveness of the asset's social impact.

Social value in retail assets – a deeper dive

Social Value Opportunities in Retail Assets

Retail assets typically benefit from extensive common space, high levels of landlord control, and strong interaction with tenants, employees and local communities. This creates a significant opportunity to enhance social value. By responding to local community needs such as education, skills and employment, retail assets can support improved community wellbeing. Activating common spaces for such initiatives can also increase footfall, which in turn can support tenant trading performance, longer lease terms and more resilient rental income for landlords.

Retail Case Study: Harlow – Applying Our Social-Value Approach

The Water Gardens Shopping Centre in Harlow has a long history of community engagement. In 2025, we undertook a local needs analysis to better understand the social challenges facing the surrounding area and to inform a refreshed social-value strategy. This was supported by a tenant satisfaction survey conducted in Q4 2022, which highlighted priorities including diversity and inclusion, community engagement, sustainable procurement and biodiversity.

Key Social Issues Identified

The local needs analysis identified a range of local socio economic challenges:

- **Work and economy**: Elevated unemployment levels, high income deprivation, and a material gender pay gap.
- **Community**: Crime rates above the regional average and higher levels of homelessness and temporary accommodation.
- **Health**: Mild health deprivation, higher preventable mortality rates, low physical activity and poor mental wellbeing.

Aberdeen Investments' approach to social value at this asset has allowed us to achieve community engagement and tenant satisfaction initiatives. Targeted actions address specific local social needs, including homelessness, income/employability, and health.

These social needs are being addressed through partnerships, tenant engagement, and community programmes. Progress is being monitored quarterly by the site team, with annual strategy reviews.

Strategic Response

Based on these insights, three priority themes were identified:

01	Homelessness
02	Income and employability
03	Health and wellbeing

These priorities informed a refreshed strategy that builds on existing initiatives while introducing new, more targeted actions. Many of these initiatives deliver benefits for both tenants and the wider community, helping to strengthen local connection while aligning with our social-value reporting framework.

Figure 9 provides an overview of the initiatives we put in place at this asset to align with our social-value reporting framework. Note that many actions intended to deliver social value benefit both tenants/site users and local communities and therefore contribute to more connected communities.

Figure 9 Inherent and intentional social value initiatives at Harlow

Initiative	Inherent or intentional	Benefits to tenants	Benefits to wider community
General accessibility for tenants and visitors	Inherent	Ensures inclusive, safe, and usable spaces for a wide range of users; improves day-to-day experience within the building.	Contributes to wider perceptions of inclusivity and accessibility in the local built environment.
Ongoing occupier engagement through tenant surveys	Inherent	Improves communication, responsiveness, and satisfaction among tenants; helps management align services with occupier needs.	Community benefits indirectly through better-managed, more responsive occupiers and reduced friction with the surrounding area.
Maintenance of safe and inclusive spaces, aligned with diversity priorities	Inherent	Creates a welcoming, respectful environment for tenants, staff, and visitors; supports wellbeing and belonging.	Sets a positive standard for inclusive spaces within the local area and supports social cohesion.
Maintenance and management of publicly accessible spaces (e.g. gardens for yoga classes)	Inherent	Provides attractive, well-managed shared spaces that enhance tenant experience and wellbeing.	Offers accessible green and social spaces that can be used for community activities and informal gatherings.
Provide community hub space for cultural and social engagement	Inherent	Enhances vibrancy and sense of place for tenants and site users; supports informal networking and social interaction.	Strengthens community identity, cultural participation, and social connections in the surrounding area.

Retail Case Study: Harlow – Applying Our Social-Value Approach

Initiative	Inherent or intentional	Benefits to tenants	Benefits to wider community
Working towards becoming a real Living Wage employer and encouraging tenants to adopt the same standard	Intentional	Supports fair pay practices among on-site staff and tenants' supply chains; reinforces ethical employment culture within the building.	Contributes to improved income security and reduced in-work poverty across the local labour market, as standards are adopted more widely.
Collaboration with Harlow College to introduce vocational courses (catering, music, arts) and expand internships	Intentional	Creates opportunities for tenants to engage with training, placements, and emerging local talent; strengthens links between occupiers and education providers.	Improves access to skills development, qualifications, and employment pathways for local people, particularly young people and those seeking vocational routes.
Seasonal recruitment fairs to support local employment	Intentional	Enables tenants to recruit locally, improving staff retention and reducing commuting impacts; raises awareness of employment opportunities within the building.	Directly supports local employment, helping to reduce unemployment and income deprivation in the surrounding area.
Hosting yoga classes in gardens and launching a healthy-eating recipe section online	Intentional	Enhances physical and mental wellbeing of tenants and site users; promotes healthy lifestyles and social interaction on-site.	Some indirect community benefit where content or activities are accessible online or influence wider wellbeing behaviours.
Dementia fair and mental health awareness week campaigns	Intentional	Raises awareness among tenants and site users; improves understanding, inclusion, and access to support resources within the workplace.	Connects the wider community to local health resources, charities, and support networks; helps reduce stigma around dementia and mental health.
Donations for food, clothing, and essentials on a quarterly programme	Intentional	Provides structured opportunities for tenants and occupiers to participate in social-value initiatives; strengthens shared sense of purpose.	Delivers tangible support to local charities and vulnerable groups through regular, reliable donations.
Food redistribution through an Olio partnership, with four restaurants redistributing surplus food	Intentional	Enables on-site food businesses to reduce waste and engage in positive social-impact activities; supports responsible operational practices.	Reduces food waste and provides surplus food to people in need via local redistribution networks.
Bicycle repurposing initiative with Roots to Wellbeing	Intentional	Encourages active travel and sustainability awareness among tenants and staff; supports wellbeing through cycling initiatives.	Promotes access to affordable bicycles, supports wellbeing programmes, and encourages active transport in the local community.

Reporting and measurement

We believe that understanding and addressing social needs with tailored interventions at our buildings can have a positive social impact, even if there are challenges in measuring them. This is why a key element of our social-value approach involves the quantification of local social needs by the approximate number of local needs, and the depth of each local need. This approach can help us to distinguish which assets offer the greatest potential to contribute to social value. The approach also helps us to determine whether to focus on meeting a greater number of needs (i.e. maximising **breadth** of impact), or whether it's most appropriate to focus on meeting a smaller number of needs but achieve a greater depth of **impact** (i.e. maximising depth of impact).

We are aware of the various social-value measurement methodologies that are available on the market, which typically measure social value in monetary terms. But due to the lack of consistency in approach, the scope of the measurement and the metrics used, we feel that they don't always lead to meaningful or comparable outputs. That said, measuring social value in monetary terms can sometimes be a useful indicator of the success of relevant interventions. We continually review the relevance and usefulness of social-value measurement methodologies and aim to develop our approach to social value. We use asset- and fund-level KPIs, established industry frameworks (e.g. National TOMs), and engage with industry organisations to advance social value in real estate.

Despite this, we can still report on the output and outcomes of the initiatives we've delivered. This can be done through periodic tenant satisfaction surveys that are tailored to ask targeted questions about the sense of place and community, and the extent to which tenants believe that the building has a positive impact on social needs in the community. Surveys cover the number of initiatives, the amount of money or non-monetary support provided, qualitative feedback from participants or recipients. Other information includes financial KPIs, such as vacancy rates (a good indicator of tenant satisfaction, particularly for residential assets) and tenant turnover.

Affordability and targeted interventions addressing local social needs are integrated as key criteria in our environmental and social promotion strategy for applicable real estate products under SFDR. This document provides the basis for our approach to these factors.

Challenges

There are numerous challenges in our ability to have a social impact:

Operational control – while buildings may offer many opportunities to generate and deliver social value, they are not always under the landlord's operational control. For example, in single-let assets, the tenant typically manages the building entirely, which limits the landlord's ability to implement social-value initiatives.

Asset types – all asset classes – including retail, industrial, and office – engage with their local communities to varying degrees. However, some asset types are inherently better suited to promoting social value. These tend to be assets with direct community interaction, such as shopping centres, or those with sufficient communal space to host events, like multi-let offices. While it's possible to promote social value across all asset types, some present more practical challenges than others.

Tenant-led social-value initiatives – many tenant organisations have their own social-value strategies at the corporate level, which can make it difficult to identify how landlords can support these efforts at the asset level. In some cases, tenants may be less inclined to engage with landlords on social value, believing it's already being addressed internally. These dynamics are understandable, especially given limited resources on both sides. However, collaboration is essential to enable a place-based approach to social value.

Funding – despite growing interest from the investment community, the link between social-value initiatives and financial return remains difficult to quantify. This can make funding decisions challenging, unless there is a clear mandate from stakeholders to support such initiatives.

Measuring and reporting on social value – capturing the impact of social-value initiatives is challenging, given the diversity of activities and outcomes. Standardised metrics can lack clarity and consistency; bespoke KPIs, though more tailored, reduce comparability across projects. Reporting often focuses on outputs rather than outcomes, making it difficult to assess the broader impact of initiatives.

Regulatory backdrop – regulation to support social value in the real estate sector remains weak. As a result, there's a myriad of inconsistent approaches for delivering, reporting and measuring social value, given the lack of common understanding. A stronger regulatory backdrop would likely serve to standardise approaches and encourage the adoption of credible strategies and measures to promote social value through real estate assets.

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