BIG ISSUE INVEST

Social Impact Debt Fund IV

Launch Report 2024/25

Our impact thesis, approach and early observations

Welcome from the Director

We are excited to share the inaugural impact report following the launch of the Social Impact Debt Fund IV (Fund IV). Launched in September 2023, Fund IV exists to provide funding to organisations based across the UK that tackle entrenched housing, social welfare and health challenges in order to improve people's lives.

We believe that access to flexible finance is critical for organisations delivering meaningful, sustainable impact to thrive. In turn, this enables them to better support the most underserved communities in the UK.

Fund IV exemplifies Big Issue's mission to challenge the status quo by innovating through enterprise and creating sustainable business solutions that deliver real opportunity for people and places too often left behind. At Big Issue Invest's (BII), part of The Big Issue Group, our mission is to dismantle poverty now and for future generations by investing to end poverty and inequality.

This fund provides unitranche debt financing, a blend of senior and junior debt. Put simply, Fund IV offers a simple, flexible loan that combines different layers of financing, often with additional versatile features, tailored to support established, socially impactful organisations making a positive social impact.Our focus spans three core sectors:

1. **Affordable Housing & Homelessness**
2. **Health & Social Care**
3. **Community & Social Infrastructure**

These sectors sit at the heart of entrenched social challenges, where deprivation, poor outcomes and underinvestment for underserved communities persist. We believe that by targeting these areas, we can catalyse systemic change. For example, poor health both causes and compounds poverty. Lack of access to stable housing or quality care creates barriers to opportunity. And when communities lack social infrastructure, they lack the foundation for resilience and connection.

Fund IV is closing the financing gap for mission-driven enterprises that need larger-scale investment but are often underserved by traditional lenders. Our model enables larger, faster, and simpler investments, typically between £500,000 and £4 million, allowing us to deploy capital efficiently while reducing the complexity for borrowers.

A powerful early example of a borrower we have supported lacking access to traditional loan products was a £3.3 million loan to Great Oaks College in Surrey. The college supports over 100 young adults with special educational needs and disabilities (SEND), and the investment is enabling them to purchase and refurbish a new, larger site. This project reflects everything Fund IV stands for, supporting organisations that transform lives, in communities that need it most.

Over the next three years, we aim to build a diversified portfolio of impactful loans across the UK, prioritising communities which are underserved and geographies most affected by poverty and inequality. Our borrowers are socially conscious businesses with a proven track record, assets for security, and ambition for scaling their impact.

We hope this report not only demonstrates our rigorous approach to impact investment but also inspires new partners and investors to join us. Fund IV is more than a fund, it's a movement toward inclusive growth, social resilience, and long-term transformation.

James Potter
Investment Director for Social Impact Debt Fund IV

Executive Summary

Social Impact Debt Fund IV: a unitranche model enabling larger, faster, and simpler investments.

Aiming to deploy capital efficiently while reducing the complexity for borrowers.

Fund IV focuses on 3 core impact sectors[1]:

1. Health & Social Care

- Residential care
- Hospices
- Place based clinical care (such as dentistry)

2. Affordable Housing & Homelessness

- Social housing
- Transitional and Specialist housing
- Supported accommodation

3. Community & Social Infrastructure

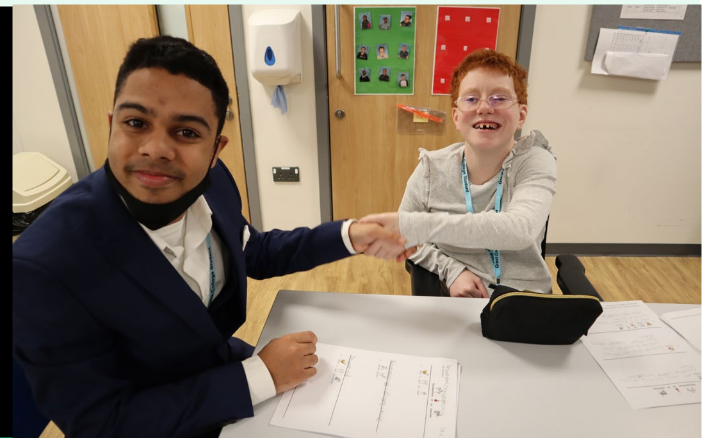
- Community co-working spaces
- Education or SEND Colleges
- Nurseries

[1]Some examples of sub-sectors and types of business models supported by the fund.

Flexible impact loans of **£500,00 to £4 million**

Loan to value ratios of up to 90%. Minimising deposit required from borrowers.

First investment: a £3.3 million loan to Great Oaks College in West London, a specialist further-education college supporting over 100 young adults (aged 19–25) with special educational needs and disabilities



£20 million of committed capital available to impactful enterprises.

Primary SDG alignment

Social Impact Debt Fund IV: our impact strategy

Fund Hypotheses

The Fund is built on three key hypotheses that we will be testing over the investment period

1 There exists a strong appetite for debt finance within the social sector, driven by growing pressure on services and the need to meet service demand, unlock projects, scale operations, and expand asset bases, creating a market opportunity for a lender that truly shares borrowers' mission and values.

2 There is demand for simplified unitranche, single loan strategy to overcome the complexity, portfolio management and delay in deployment that comes with borrowing from multiple parties.

3 The traditional, layered, debt model doesn't work for progressive, impactful enterprises. They often need higher LTVs and more flexible terms than commercial lenders can provide.

"We felt as though we were running out of options – until we were introduced to Big Issue Invest. Securing this funding has not only safeguarded the future of Great Oaks but has laid the foundation for growth."

Nickyie Thomas
Principal at Great Oaks College

Social Impact Debt Fund IV: our impact strategy

The Fund IV systems change thesis centres around two key outcomes:

1. Investing to drive positive social outcomes for individuals and communities by supporting impactful organisations and through deploying more capital, more efficiently, and with less complexity.

2. Attract more mainstream capital and new (institutional) investors to impact investing through the new fund proposition.

The high-level overview of the Fund IV Impact strategy below provides an indicative outline of the intended social impact outcomes by sector. For each outcome, detailed and tailored KPIs will enable impact to be measured and monitored at both the investment and portfolio level. Please note that this graphic is not exhaustive of all potential Fund IV investments, more comprehensive theories of change exist for each sector focus.

IMPACT AIMS

- Use financial levers to deliver impact through investing in mission-aligned social businesses
- Attract new (institutional) investors to impact investing through Social Debt Fund IV proposition

IMPACT-FIRST, INVESTMENT FOCUS AREAS / OUTCOMES

	Impact-first, investment focus areas	Outcomes
Homelessness & Housing	→ New housing units → Renovation of housing units → Improved insulation → Climate impact of housing units	→ More affordable housing units → Improved quality of housing provided → More people gain access to affordable housing → People with support needs receive wrap-around services → Lower heating costs
Health & Social Care	→ New care centres → Refurbishment of existing facilities → New equipment / technology → Staff training & development	→ Improved quality of service provided → More people have access to care or new services → Improved health & wellbeing outcomes for individuals → Expansion of existing facilities
Community & Social Infrastructure	→ New centres → Refurbishment of existing facilities → Insulation of facilities → Staff training and service operations	→ Access to services or new services in the community → Improved quality of services in the community → Employment in the local community

TARGET GROUPS AND GEOGRAPHIES

- Low-income
- Disadvantaged communities
- Unemployed or economically inactive households at risk of poverty due to cost of living / housing
- High deprivation area with lack of existing provision of the service or facility
- Vulnerable individuals or individuals with complex needs
- People with disabilities or mental health needs, end of life care needs

Social Impact Debt Fund IV: our impact strategy

BII's Approach to Impact: our investor contribution over the investment lifecycle

Fund IV's unitranche investment strategy enables BII to act as the sole lender in each deal, creating two key advantages:

1. Simplified process and faster execution: As the sole investor, BII streamlines the investment process and deal structuring, enabling quicker execution and deployment.

2. Active, value-adding contribution: BII takes an active, impact-first approach, supporting organisations throughout the investment journey (see breakdown below) and keeping the needs of end users central to every deal. This includes:

- Supporting access to technical assistance, such as sponsoring applications to the Reach Fund for business planning and financial modelling.
- Strengthening governance by helping investees improve board structures and decision-making processes.
- Introducing specialist advisors, from tax experts to project managers, and facilitating access to experienced senior staff, including Finance Directors and board members.
- Connecting organisations to BII's wider ecosystem of consultants and partners to accelerate delivery and impact.
- By building this support into each deal, BII is strengthening the organisations we back and, ultimately, delivering better outcomes for the people and communities they serve.

Big Issue Invest has proven to be much more than a financial partner; they have invested in our vision and values... James and Rebecca have demonstrated a genuine commitment to our mission. Their support will ensure that we can continue to provide exceptional education for our students, empowering them to lead full, meaningful lives in their communities, in line with their aspirations.

Nickyie Thomas
Principal at Great Oaks College

A closer look at one of our investments in action, showing how our capital is driving real-world social impact.

Great Oaks College

Investment size:
£3.3 million

Investment made:
March 2025

UN SDG alignment:
4 – Quality Education

Geographic reach:
Surrey

About Great Oaks College:
GOC offers life opportunities to 100+ young people (19 to 25) with moderate, severe, or profound and multiple learning difficulties so they have the skills to take their place in society as confident, resilient young adults, who can live active lives in accordance with their goals and aspirations.

Purpose of investment:
Asset purchase and renovation of new premises

Fund IV impact sector:
Social and Community Infrastructure

Primary User Group:
Young people with learning difficulties and other neurodivergence

Great Oaks College

About GOC

Great Oaks College (GOC) is a specialist further education provider in West London supporting over 100 young adults aged 19–25 with special educational needs and disabilities (SEND). Recognised as Outstanding by Ofsted, GOC offers tailored learning pathways that equip students with the skills to lead independent, fulfilling lives. From vocational training to life skills and community-based learning, GOC's person-centred approach empowers each learner to thrive beyond the classroom.

Why This Matters

The number of young people with Education, Health and Care Plans (EHCPs) in the UK continues to grow, as of January 2025, there were approximately 638,700 children and young people in England with an active EHCP, representing an 11% increase over the prior year[2]. Yet high-quality, accessible post-18 education for these learners remains limited. GOC fills a critical gap by offering flexible, outcomes-focused programmes that prepare students for employment, supported living, or day services.

Need for investment

In 2023, just two months after receiving an Outstanding rating from Ofsted, Great Oaks College was unexpectedly served notice to vacate its purpose-built facility, putting the future of the college and its 108 students at risk. With limited access to alternative premises suitable for learners with complex physical and educational needs, and no ability to secure a commercial mortgage, the college urgently required investment to secure a new, long-term home. Without this support, a vital specialist education provider faced closure, leaving families without appropriate provision and students without the continuity and stability essential for their development.

Social Impact Debt Fund IV investment

BIIs £3.3 million loan through Fund IV enabled Great Oaks College to purchase a new site in Sunbury-on-Thames and secure its future. This high Loan-to-Value (LTV) loan structure was made possible by Fund IV's flexible unitranche strategy, offering up to 85% LTV from Day 1. This significantly reduced the deposit required, freeing up GOC's reserves to invest in refurbishing the former commercial office into a purpose-built college, set to open in 2026.

This tailored financial solution is a great example of BIIs commitment to support impactful organisations with faster, more efficient capital deployment and sustainable social outcomes.

More than Money support: BII's additional support

BII's support went beyond just providing finance. As a hands-on impact-first investor, BII catalysed:

- **Strategic support** through a sponsored referral to the Reach Fund[3], leading to GOC obtaining a £15,000 grant to develop a robust business plan and financial model, key to securing investment and strengthening financial resilience.
- **Expertise and connection** by introduced GOC to a project manager to oversee the site acquisition and development, and a part-time Finance Director to strengthen financial planning and reporting.

This approach delivers dual benefits: it helps de-risk the investment for the fund, while building long-term operational resilience for Great Oaks College.

[2] GOV.UK Education statistics: Reporting year 2025, Education, health and care plans

[3] Reach Fund: offers grants to help organisations provide the final information that investors need before they can invest.

Great Oaks College

Impact So Far

Great Oaks College will continue to support over **100** students and in light of the investment, expand its reach in the years ahead. The new site gives the college long-term security, enabling it to invest in its staff, technology, and learning environment, all while reducing future property costs.

Great Oaks College's most recently reported outcomes for the academic year September 2024 to July 2025:

- **110** students completed the last academic year, corresponding to 791 hours of learning each
- **50%** of students were families who live on low income (accessing free meals and/or bursary fund)
- **52** qualifications awarded in one academic year

Additional outcomes will become available later into the new term, in 2023-24:

- **97%** of parents reported their young person was happy at GOC
- **92%** of students made expected or outstanding progress
- **9** students are progressing into paid jobs, internships, or further education.

Supporting SEND: What Does Impactful Education Really Mean?

Great Oaks College uses three tailored pathways to equip students with the skills and confidence to succeed in work, independent living, and community life.

A Personalised Approach: Great Oaks College Pathways

Great Oaks College supports young adults with a wide range of learning difficulties by offering three highly individualised education pathways. Each pathway is designed to meet the diverse needs, aspirations, and abilities of students, helping them transition confidently into the next stage of life – whether that's employment, supported living, or community engagement.

1. Vocational Pathway

Preparing for Employment

This pathway is designed for students who are aiming to enter the world of work, either through paid employment, volunteering, or further vocational training.

Students receive:

- Workplace preparation and supported work placements
- Development of key skills including time management, communication, and teamwork
- Opportunities to build confidence and independence in a structured setting
- Impact: In 2024, 9 students from this pathway secured employment, internships, volunteer roles, and further education placements – demonstrating strong transitions into the wider world.

2. Life and Living Pathway

Building Independence

The Life and Living Pathway focuses on helping students build the practical and social skills needed for more independent lives.

This includes:

- Household skills such as cooking, cleaning, and budgeting
- Travel training and community-based learning
- Strengthening communication, self-advocacy, and relationships
- Impact: Students grow their confidence and ability to manage daily tasks, with some progressing to supported accommodation or volunteering opportunities.

3. Engagement for Life Pathway

Supporting Complex Needs

This pathway supports students with the most profound and multiple learning difficulties, including those with significant communication or mobility needs.

Key features include:

- Sensory learning and stimulation
- Personalised communication strategies
- Development of self-expression and autonomy

Impact:
Students work toward goals such as improved communication, access to personal assistance, or transition to specialist day services – ensuring they remain active, connected, and supported beyond college.

Overview of the Fund IV pipeline

Widespread engagement reflects enthusiasm from Fund IV's target sectors but there is further opportunity to generate demand from applicants more closely aligned to the Fund's investment criteria.

Pipeline analysis

Since launch, the Fund has received over

150 applications

18 opportunities progressed to the **Fund deal screen stage** (the first formal approval stage of the diligence process)

representing **£45 million** in potential investment

with an average ticket size of **£2.5 million**

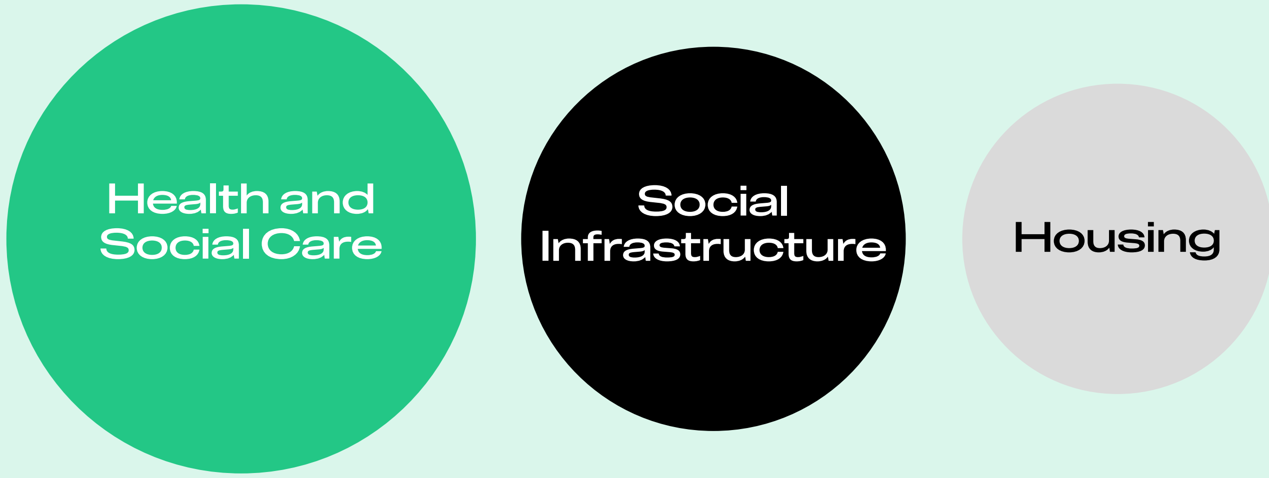
Transactions which have advanced furthest through the Fund IV process have been introduced by intermediaries with strong knowledge of Big Issue Invest's approach and values

Applications that **didn't progress** fell outside Fund IV's criteria, typically due to levels of financial risk or impact misalignment.

Continued engagement with Big Issue Invest's partners, advisers and peer organisations is a key part of the Fund IV deal origination process.

Deal screen analysis

Among opportunities that progressed to deal screen stage, Health and Social Care and Social Infrastructure provided the biggest share of the pipeline, followed by Housing, **confirming strong demand within the Fund's core target sectors.**



Most applications sought funding for:

- Property purchases
- Property development
- Refinancing existing debt

A notable insight is that, by volume, **nearly half of the opportunities carried construction risk,** significantly exceeding the Fund appetite for this type of transaction risk.

Next steps

As we continue to build momentum with Fund IV, our focus is on accelerating deployment to high-impact organisations.

1. Building the pipeline and reaching the right organisations

We will actively identify and engage with socially impactful organisations that align with Fund IV's goals, particularly those operating in underfunded sectors or areas of high deprivation.

How:

→ Hosting and attending sector events

→ Strengthening relationships with referral partners, intermediaries, and other mission-aligned funders

→ Direct outreach and collaborative work with sector bodies and advisors

2. Continuing to deploy capital, whilst maintaining a high threshold for impact and financial strength

We will seek to:

→ maintain strong momentum on deployment

→ focusing on deals that support organisations to grow and deepen their impact, particularly in underserved markets and for those supporting the most disadvantaged and deprived communities

→ continue to maintain high standards with regard to limiting and mitigating both financial and impact risks, at the point of deal and on an ongoing basis within portfolio investments.

Fund IV – Investment Portfolio

Investee	UN SDG alignment	Primary Customer Group	Region	Committed Capital	Deployment date
Great Oaks College	4 – Quality Education	Young people with learning difficulties and other neurodivergence	Surrey	£3.3 million	March 2025

Meet the Fund IV Team

Credit Advisory Committee

Our independent committee of advisors review cases for social investment and includes the following members:

(Click on the committee member's photo to connect on LinkedIn)

Tim Farazmand (Chair)

Sara Redford

Georg Stratenwerth

Susan Ralphs

John Gilligan

Warren Taylor

Daria Kuznetsova*

David Jones*

Our thanks to former CAC members: Louise Boothby and Danyal Sattar.

*Daria and David joined the committee in November 2024.

Fund Management Team

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