AlphaReal

TIME INVESTMENTS

Sustainability Report

2024

Executive summary

Welcome to AlphaReal and TIME Investments' second annual Sustainability Report. This report covers the 2023/2024 financial year (the reporting period), highlighting the initiatives we have undertaken to deepen our commitment to sustainable investing.

In 2023, we published our inaugural Group Sustainability Report and, on a voluntary basis, our Task Force on Climate-related Financial Disclosures (TCFD) report. Our ESG Committee membership has been refined and we have updated our Terms of Reference in order to formalise and define the Committee's role in ESG processes. This includes its role regarding compliance with the Sustainability Disclosure Requirements (SDR) and investment labels, for in-scope products.

We enhanced our data collection processes, aiming to achieve 60% data coverage on an area basis by 2025, using 2023 as the baseline year. This target is part of our broader strategy to improve data transparency and operational efficiency across our real estate portfolios. To engage with tenants, we conducted Tenant ESG & Satisfaction surveys and followed up on last year's Technical Building Assessments.

We refined our Responsible Investing & Corporate Sustainability policy and implemented a Group-wide Exclusion Policy. This ensures our strategies align with broader sustainability goals and responsible investment principles. We seek to apply robust climate risk assessments, leveraging tools such as MSCI Climate Value-at-Risk. Additionally, the Executive Management Committee (EMC) was established to ensure climate-related risks are properly identified, assessed and managed.

Looking ahead, we are updating our asset-class specific policies (long lease real estate and CGRs, social infrastructure, renewable infrastructure), as well as our Corporate Governance & Responsibility and Diversity & Inclusion policies. We are also seeking to align our social infrastructure asset funds with a Sustainability Impact label under SDR.

We look forward to building on this progress in the year ahead. Our goal is to deliver long-term returns through responsible, transparent and accountable practices.

60%

Target data coverage across real estate portfolios

595,056

MWh of renewable energy produced[1]

123,206

Tonnes of CO2e offset[2]

84,600

Patient capacity in primary care/GP facilities

260+

Supported living apartments for individuals with learning and/or physical disabilities

[1] Annual MWh=Installed Capacity (MW) × Hours per Year × Capacity Factor. The amounts of energy produced will vary by year.
[2] Environmental benefits are typically claimed by the end users who buy the power, and we merely report on a facilitator basis. Amounts of energy produced, and hence carbon offset, will vary by year.

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“Sustainability is integral to our investment approach.

We’re investing in resilient assets that will thrive in the long term by focusing on sustainability, including renewable energy and social infrastructure.”

Edward Palmer
Chief Investment Officer and
Head of Sustainability

An interview with Edward Palmer, CIO and Head of Sustainability, AlphaReal

How do you define AlphaReal’s sustainability philosophy?
At AlphaReal, sustainability is an integral element of long-term investment strategy. Overall, our approach can be characterised as ‘Responsible’[3], while we recognise a range of valid investment strategies with different levels of sustainability emphases.

For example, our renewable infrastructure strategy focuses on assets that align with the UK’s legal obligation to move towards net zero by 2050. These are sustainable investments for today and the future and are not only more resilient but expected to thrive in the evolving market. On the other hand, there is also a place for other strategies managed by the Group that do not have a formal sustainability objective, where ESG is a key component of the risk management framework.

Which sustainability initiatives from the past twelve months are you most proud of?
Investors were often telling us to talk more about the meaningful work we do in sustainability, so we have taken concrete steps to evidence our sustainability initiatives. Last year, we published our first sustainability report, highlighting the outcomes of our investments in renewables, social assets, and other areas like forestry.

We also voluntarily adopted the TCFD (now IFRS) framework. This was a substantial exercise, but we were proud to complete the project and implement the necessary governance changes. This approach demonstrates our commitment to transparency and risk management in a climate-sensitive investment environment.

How is ESG integrated with your approach?
The Group’s ESG strategy is built on rigorous analysis, continuous improvement, transparency, and where possible, a quantitative approach. We seek to use detailed scorecards aligned with sector-specific ESG

“Investing in the right way means focusing on sustainable assets, especially in light of the global shift towards net zero by 2050.”

Edward Palmer

policies to assess transactions and ensure they meet our environmental, social and governance responsible standards. This approach makes sustainability a core part of the investment process and aids risk management.

What is your vision for the future?
We are committed to setting high standards of transparency, accountability, and engagement with our tenants, stakeholders, and industry partners. While only specific investment strategies (currently our social infrastructure funds), formally seek a sustainability label under SDR we aim to integrate sustainability considerations into our approach across the business.

Looking ahead, we are committed to building on our Sustainability initiatives, expanding our efforts to reduce carbon footprints, and continually assessing and adapting our practices to support a sustainable future.

Edward Palmer

Chief Investment Officer and
Head of Sustainability at AlphaReal

[3] According to the UN PRI, Responsible Investments consider environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets.

An interview with Stephen Daniels, Head of Investments and Partner, TIME Investments

How do you define TIME's sustainability philosophy?
TIME integrates sustainability considerations into our decision-making processes as part of our responsible investing philosophy where relevant. Our approach focuses on balancing competing factors to create long-term value for our clients while ensuring our actions today do not compromise future opportunities.

Which sustainability initiatives from the past twelve months are you most proud of?

We have taken significant steps to embed sustainability principles into our portfolio management, demonstrating that we are committed to deeds, not just words. One of the most notable initiatives from the past year is the successful development of a new wind farm and solar farm. There is a new wind farm up in Scotland with an installed capacity of 13.5 MW. This is forecasted to generate an annual production of 44,240 MWh[4], which is enough to power 16,385 UK homes[5], offsetting 9,160 tonnes of CO_2e[6], the equivalent of a carbon footprint of 3,053 UK homes[7].

These renewable energy projects, part of TIME's broader infrastructure investments, contribute to the UK's clean energy goals and power thousands of homes with zero-carbon electricity, reducing their carbon footprint. We are proud to do our part in adding new green electricity generation capacity in the country.

TIME's commitment to sustainability extends beyond energy projects. With £70 million invested in forestry assets, where we seek to play our role in responsible land management. We are actively involved in reforestation, including a project to plant a 60-acre woodland near Harrogate.

Stephen Daniels

Head of Investments and Partner at TIME Investments

> "Sustainability is about balancing competing factors - environment, society and economy - without prejudicing the future."
>
> Stephen Daniels

[4] Annual production estimated for the period between October 2024 and September 2025.
[5] Ofgem - Typical domestic consumption values, electricity, medium level 2023 - 2,700 kWh.
[6] UK Government GHG Conversion Factors for Company Reporting 2024 - UK Electricity - 207.05 kg CO_2e/kWh of electricity generated.
[7] Median estimated Carbon dioxide (CO_2) emissions, England and Wales, all records up to the financial year ending March 2024, tables, CO_2 emissions per household, 3.0 tonnes in England.

Our values

AlphaReal and TIME values

Respect
We respect each individual: our colleagues, our investors, our business partners, and all our stakeholders.

Rationality
We think analytically, test empirically and look from all angles. We ask more questions, and we think more deeply about the answers.

Originality
We value diversity of thought, encourage innovation, and 'thinking outside the box'.

Responsibility
We think and act responsibly, we make carefully considered decisions and we think about the long-term, about people and planet.

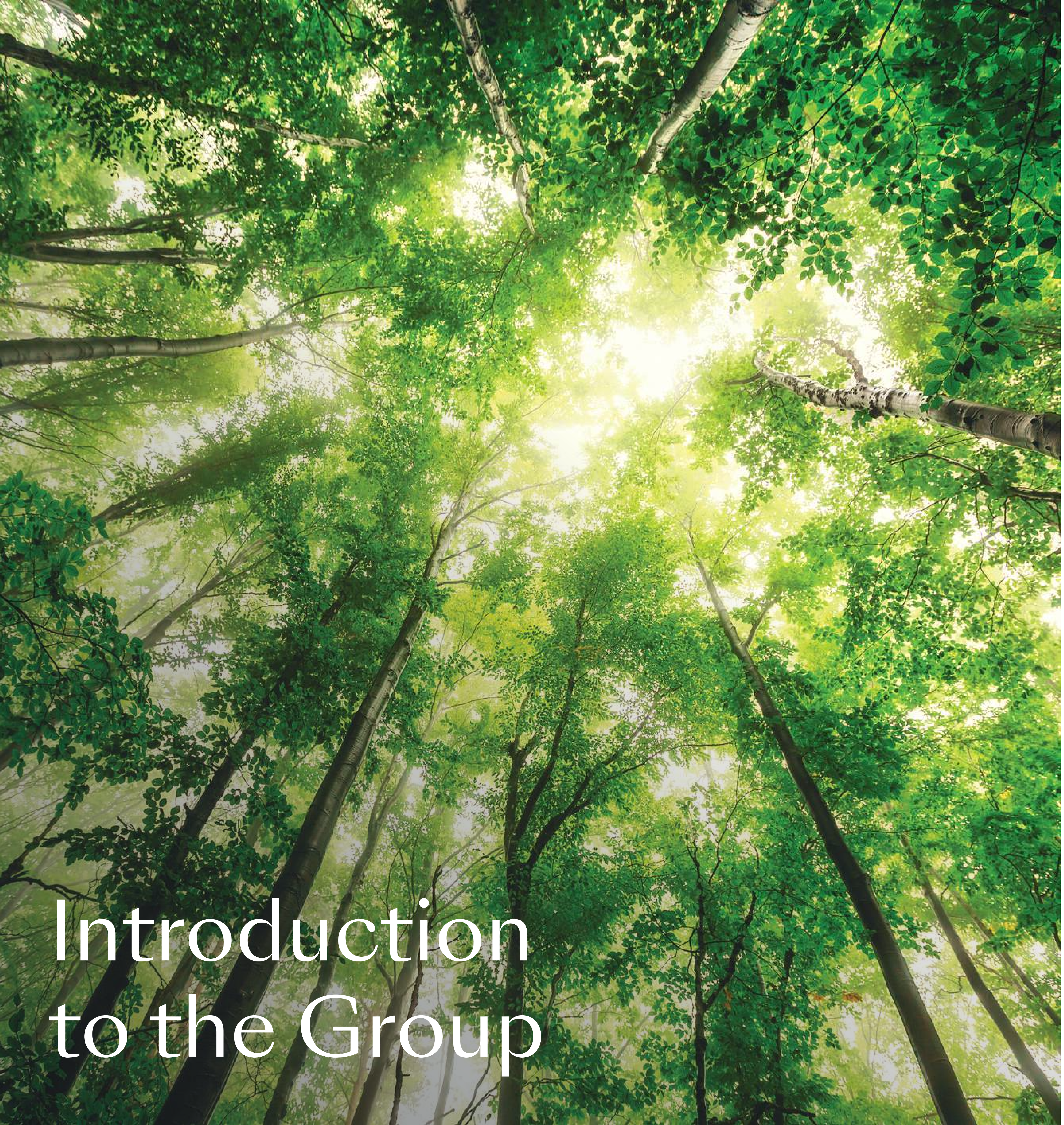
Risk Control
We identify, measure and mitigate risk. We believe two pairs of eyes are better than one and we pay attention to every detail.

Investor Centricity
The interests of our investors are at the centre of all we do.

Integrity
We do what is right, integrity is integral.

Collegiality
We work together to achieve more, we know the best ideas can come from anyone, from anywhere.

Transparency
We embrace good governance and financial accountability. We focus on clear and relevant communication with all our stakeholders.



Introduction to the Group

Group overview

The Group

"We" or "the Group" encompasses Alpha Real Capital LLP ("AlphaReal") and TIME Investments ("TIME").

AlphaReal is a specialist real assets investment manager focused on secure income strategies. We invest in UK and European assets with predictable, long-term cash flows. Our solutions include Commercial Ground Rents (CGRs), renewable infrastructure, social infrastructure, and secured lending.

TIME is a specialist investment manager focused on targeting consistent, long-term returns for our clients. We provide tailored products and services to support financial advisers, family offices, and institutions. We employ a defensive approach, investing in asset-backed and income-producing opportunities across infrastructure, real estate, renewable energy, and lending.

The Group works with investors across the UK, Europe, and beyond, encompassing large institutional investors such as pension funds, private investors, and family offices. Through TIME, we also work with wealth managers.

Our team comprises over 180 professionals managing £4.9 billion[8] in assets, including capital commitments.

[8] As at 31 Mar 2024. Including undrawn commitments

Our structure[9]

Specialist Platforms

AlphaReal Long Income
Long-income real estate and social infrastructure

AlphaReal Renewables
Renewable energy infrastructure

Alpha Property Lending
Property lending

Investment Funds

Index Linked Income Fund
Long-income, inflation-linked commercial ground rents

European Long Income Fund
Long-income, inflation-linked European commercial property investment

Social Long Income Fund
Long-income, inflation-linked social infrastructure

Wind Renewable Income Fund
Renewable energy infrastructure

AlphaReal Trust
Property lending and other asset-backed investing

Wealth Management Solutions & Funds

TIME:Property Long Income & Growth
Listed real estate securities and directly held long income properties

TIME:Commercial Long Income
Long-income, inflation-linked commercial property investment

TIME:Social Long Income
Long-income, inflation-linked social infrastructure

TIME:UK Infrastructure Income
Renewable energy and infrastructure listed securities

TIME:Advance
Discretionary managed Inheritance Tax (IHT) service focused on renewable energy infrastructure, forestry and property lending

[9] Includes other TIME funds, structured products and segregated mandates not displayed in the diagram

The Group

10	£4.9bn	180+
Funds	AUM at 31 Mar 2024[10]	Professional team

Alternative Credit Platform

3,000+	2,500+	1.65mn+
New homes created	Beds across care homes and student accommodation funded	Square feet of commercial space funded

Renewable infrastructure

595,056	220,391	123,206
MWh of renewable energy generated[11]	Equivalent number of homes supplied with clean energy generated[12]	Tonnes of CO2 offset[13]
127	46	
Wind projects[14]	Solar projects[14]	

Social infrastructure

84,600	263	60
Patient capacity in primary care facilities	Supported living apartments for people with disabilities	Special educational needs school places[15]
33	1,266	288
Specialist care home bed spaces[15]	Nursery places[15]	Elderly care home bed spaces[15]

[10] Including undrawn commitments.
[11] Annual MWh=Installed Capacity (MW) × Hours per Year × Capacity Factor. The amounts of energy produced will vary by year.
[12] Ofgem - Typical domestic consumption values, electricity, medium level 2023 - 2,700 kWh.
[13] Environmental benefits are typically claimed by the end users who buy the power, and we report on a facilitator basis. Amounts of energy produced, and hence carbon offset, will vary by year.
[14] These are operational projects across both Alpha and time as at Mar'24
[15] The social infrastructure numbers relate only to our designated social infrastructure funds and segregated mandates.

Sector focus[16]

The Group has diverse expertise across real estate sectors, with a strong focus on healthcare, education, industrial/logistics, leisure and commercial long income. It also emphasises sustainable investments in renewable energy and social infrastructure and incorporates responsible investment in other asset classes such as commercial ground rents. Additionally, the Group's presence in emerging sectors such as self-storage and forestry reflects its strategic approach to growth.

	AlphaReal				TIME Investments					
	ILIF	ELIF	ART	SLIF	WRIF	TA	PLIG	CLIP	SLIP	TIIF
General Infrastructure										
Secured Lending			●			●				●
Renewable Energy					●	●				●
Industrial/Logistics*						●	●	●		●
Healthcare*	●			●		●	●	●	●	●
Education*	●			●		●	●	●	●	●
Commercial Long Income*	●	●				●	●	●		
Leisure	●	●	●							
Housing		●	●	●		●	●		●	
Self Storage						●	●			
Forestry						●				

ILIF	Index Linked Income Fund
ELIF	European Long Income Fund
ART	AlphaReal Trust
SLIF	Social Long Income Fund
WRIF	Wind Renewables Income Fund
TA	TIME:Advance
PLIG	Property Long Income & Growth
CLIP	Commercial Long Income
SLIP	Social Long Income
TIIF	UK Infrastructure Income

[16] Sector focus across funds as at reporting period
* TIME:Advance is exposed to these sectors via Secured Lending

Sustainability at AlphaReal and TIME

Initiatives

During this reporting period, we have been enhancing and refreshing our existing sustainability policies and processes across the Group.

Refining our policies
We have refined our Responsible Investing & Corporate Responsibility Policy to align with current best practices and evolving market standards. These initiatives underscore our dedication to maintaining high standards of governance and operational excellence.

We have also started a thorough review and update of frameworks such as our scorecard system to align with our sector-specific ESG policies and ensure ESG integration remains at the heart of the investment process.

Enhancing our data collection
We aim to achieve 60% or higher coverage in data collection across our real estate portfolios, ensuring comprehensive information. This helps us to effectively embed ESG considerations into our investment processes. By capturing detailed data across our assets, we can optimise asset performance and align our investments with our long-term sustainability goals.

> “We want to make a positive sustainability impact.”
>
> Stephen Daniels, Head of Investments and Partner at TIME Investments

Group-level initiatives

H2 2023

- Completed UN PRI Investor Reporting
- Published first Group Sustainability Report
- Published first TCFD Report (voluntary)
- Refined the role of the ESG Committee
- Assessed improvement plan for next year's GRESB submission
- Staff Engagement Survey completed by staff
- ESG Lunch & Learn with different teams

2024 – to date

- Built out our Sustainability team
- Engaged external consultants to undertake a review of the Group's social infrastructure funds, helping us shape the funds' approach in pursuing a 'Sustainability Impact' label under the FCA's Sustainability Disclosure Requirements
- Group-wide product review to ensure all communications with clients in the UK relating to any of our products were in compliance with the anti-greenwashing rule
- Submitted first Communication on Progress for UN Global Compact
- Implemented enhanced D&I firm-wide survey
- Rolled out D&I training as well as training on anti-greenwashing
- Completed submission to GRESB for the five participating funds
- Refreshed Responsible Investing & Corporate Sustainability policy
- Implemented the first Group-wide Exclusion policy
- Joined Solar Energy UK and SafetyOn
- Engaged consultants to carry out Climate Strategy revision and support new TCFD Disclosures
- Renewed Carbon Neutral status at firm level, following assessment of corporate emissions with the support of an external consultant
- Implemented long lease real estate and CGR ESG policy
- Collaborating on SDR and the labelling regime through a Regulatory Working Group, with representatives from Sustainability, Marketing, Compliance and fund management teams.
- Rolled out Modern Slavery training in line with our Modern Slavery statement
- Introducing supplier screening/questionnaire on ESG factors
- Elaborating transition plan which consolidates information on the firm's transition readiness

Our people

Our culture blends an entrepreneurial and meritocratic approach with collaboration and respect for every individual. We believe the best ideas can come from anyone, and by working inclusively, we leverage our collective strengths for greater success.

Firmwide responsibility for sustainability
Sustainability and the integration of ESG factors are firmwide responsibilities, not limited to a single team. With adherence to our sustainability policy as part of our appraisal process, we are committed to embedding these principles throughout our operations and decision-making processes.

A Culture of Diversity and Inclusion
We value the diverse capabilities, experience and backgrounds of our people, as they enhance processes from idea generation and decision-making to problem-solving and risk management. We seek to foster a culture where differences are not only recognised but valued, and where all colleagues are treated with respect.

Regular employee engagement
To uphold and nurture our culture, we regularly engage with our employees through surveys and feedback mechanisms. Our most recent survey saw 89% participation across the Group, reflecting our commitment to continuous improvement and open communication. In Q4 2023, we asked the team to score the business against 16 different areas to highlight the opportunities for improvement.

Our strengths
As a result of the engagement survey conducted with AlphaReal and TIME employees, we identified the common themes of what people value most about working here:

AlphaReal

Team
People
Environment
Culture
Support
Flexibility
Learn

TIME INVESTMENTS

Resources and achievements

Organisations and standards

PRI - Principles for Responsible Investment	TCFD - Task Force on Climate-related Financial Disclosures	UN Global Compact
The European Association for Investors in Non-Listed Real Estate Vehicles (INREV) - AlphaReal	Association of Real Estate Funds (AREF) - AlphaReal	Pensions for Purpose (PfP) AlphaReal
UK Sustainable Investment and Financial Association - TIME	RenewableUK - AlphaReal	Pensions for Purpose (PfP) AlphaReal

Sustainability tools and data

MSCI Climate Value-at-Risk (Climate VaR)	The Global ESG Benchmark for Real Assets	UN PRI Sustainable Development Goals
LSEG Data & Analytics	The Good Economy	BlueMark
CBRE	Arbnco	Evora

[17] As of January 2024, the original Task Force for Climate-Related Financial Disclosures (TCFD) was adopted by the IFRS.

AlphaReal Awards

PENSIONS AGE AWARDS
Property Manager of the Year 2022, 2023 & 2024

LAPF INVESTMENTS AWARDS
Marketing Initiative of the Year 2024

LAPF INVESTMENTS AWARDS
Impact Manager of the Year 2022 & 2023

PROFESSIONAL PENSIONS UK PENSIONS AWARDS
Impact Manager of the Year 2023

FUNDS EUROPE AWARDS
European Thought Leadership of the Year 2024

FUNDS EUROPE AWARDS
European ESG Fund Manager of the Year 2023

PENSIONS FOR PURPOSE AWARDS
Best Place-Based Impact Thought Leadership 2022, 2023

TIME Investments Awards

Winner - Editor's Choice Award 2024

5 Star Winner - Investment Provider 2022, 2023 & 2024

Best BR Investment Manager (unlisted) 2023

Service Beyond the Call of Duty 2023 & 2024

Charity and community work

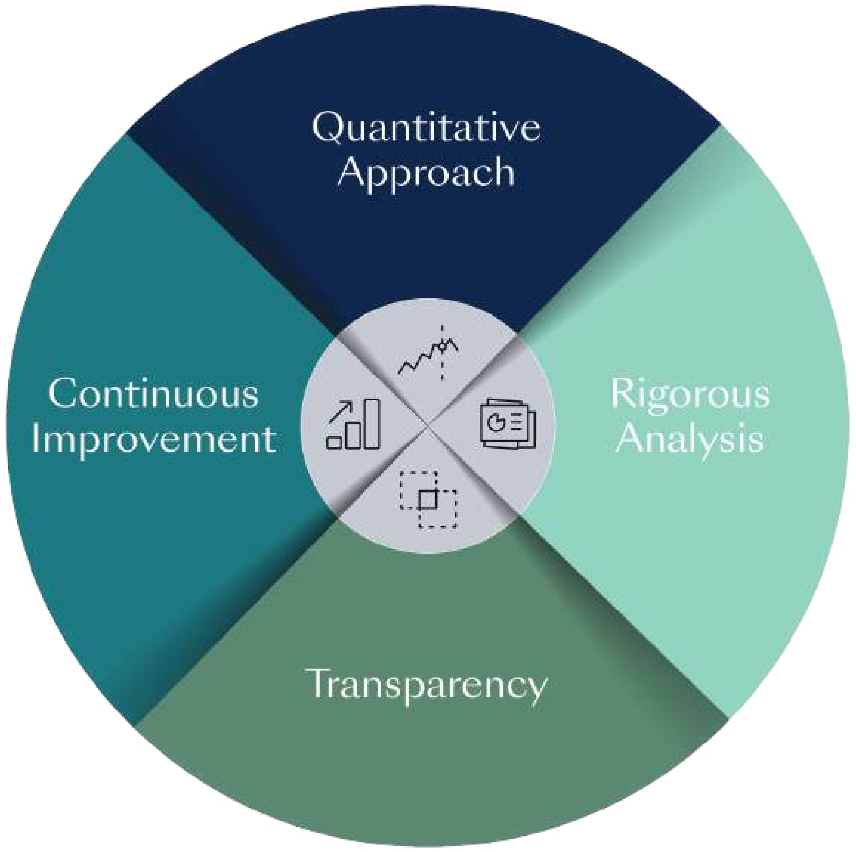
We are proud to partner with Ronald McDonald House Charities (RMHC) UK for 2024 and 2025, supporting their mission of providing free accommodation to families of seriously ill children receiving treatment in hospitals. Founded in 1989, RMHC UK operates 14 houses across the UK, located close to major hospitals, where they provide a "home away from home" environment for families. Their facilities offer not only a place to stay but also crucial emotional and practical support, allowing families to remain close to their children without the added worry of accommodation costs.

To raise funds and awareness for RMHC, we organised a series of events throughout the year. In September 2024, our team volunteered at Evelina House in London, dedicating time to support and enhance the facilities for families. This hands-on engagement is central to our commitment.

We understand the essential role of accessible housing in healthcare and are dedicated to supporting RMHC's efforts both financially and through active involvement.

Sustainability in practice

Our sustainability framework



Our approach is supported by four pillars:

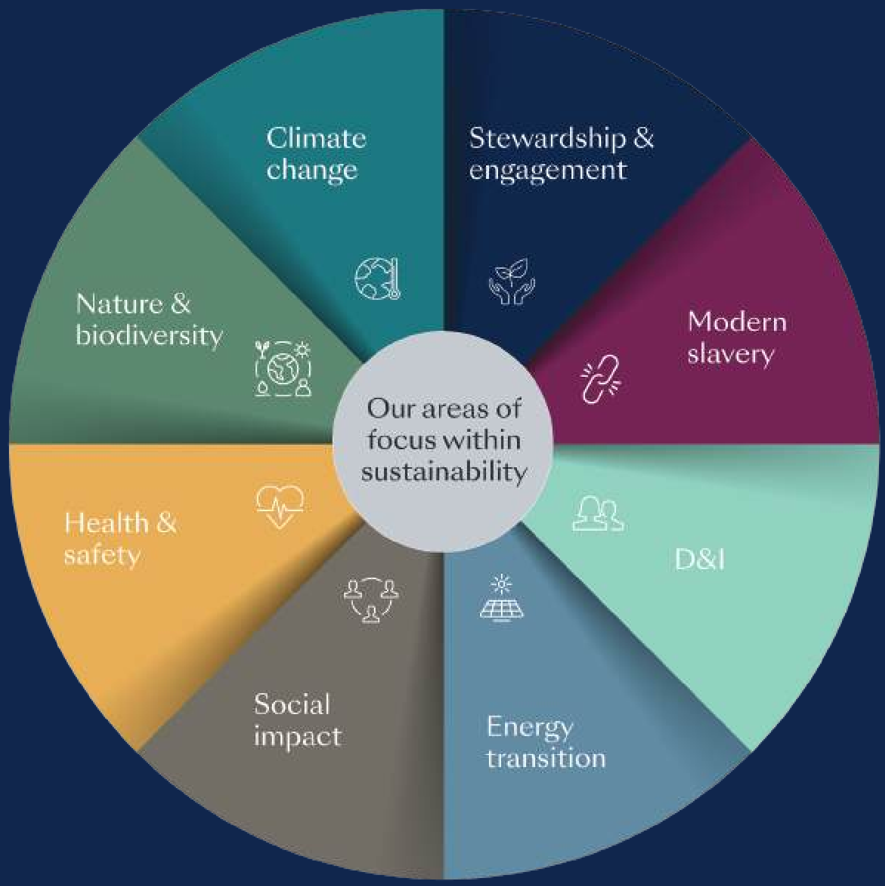
Quantitative Approach
Sustainability risks should be quantified wherever possible to help us mitigate or avoid such risks. We use third-party tools for better risk understanding after ensuring their methodologies are robust. Constantly seeking improved ways to identify, measure, and manage sustainability risks and opportunities is central to our approach.

Rigorous Analysis
Given the long-term nature of our investments, we conduct an in-depth analysis of sustainability characteristics. As well as detailed asset-specific environmental due diligence, we also use practical indicators such as Ofsted for education assets and CQC ratings for care assets. Prior to recommending an investment, we undertake comprehensive due diligence and evaluation of ESG factors. Investments failing to meet baseline ESG criteria are typically excluded at an early stage. This approach provides comfort derived from detailed underwriting conducted from the outset.

Transparency
We emphasise transparency for stakeholders, presenting information clearly and quantitatively, such as renewable energy output or care facility capacity. We are candid about challenges, such as constraints that arise from full repairing and insuring (FRI) leases that limit our influence on tenant behaviour or data collection.

Continuous Improvement
We aim to improve sustainability measurement and data disclosure, despite private asset data limitations. Engagement with tenants under FRI leases can sometimes be limited but ongoing efforts have shown promise. Although for certain real estate assets tenants' operational control limits our ability to directly influence emissions reductions, tenants are increasingly developing net zero strategies to meet the UK's legally binding target of net zero emissions by 2050.

Our sustainability focus



Our commitments

We are dedicated to integrating ESG factors into our investment processes where possible, ensuring they are considered from the initial appraisal stage, through to the Investment Committee, and during ongoing management.

Managing ESG risks and benefits
Our approach involves identifying, measuring, and managing ESG-related risks effectively. ESG considerations are integrated within the investment process across all AlphaReal and TIME funds through the use of scorecards which reflect the ESG policy for that sector.

Stakeholder engagement and sustainability
Sustainability is a key consideration in our stakeholder interactions. We strive to incorporate sustainable practices and considerations in our engagement activities.

Data gathering and disclosure
We are committed to continuous improvement in collecting and disclosing relevant data, including those related to energy, water, and waste for the relevant portfolios. This enables better transparency and accountability.

Exploring new themes
We remain vigilant in identifying opportunities to integrate emerging sustainability themes such as nature and biodiversity into relevant strategies. While some topics may not be directly applicable to our current portfolio, we actively monitor and assess emerging themes in line with our fiduciary duty, responsible investment approach, and investor-centric values.

Promoting a sustainability culture
We encourage a culture where sustainability is everyone's responsibility. Our goal is to promote and embed sustainability across our organisation.

Regular reporting and progress evaluation
We regularly assess and report on our progress regarding sustainability issues. This includes publishing climate-related disclosures in line with the TCFD recommendations (now IFRS), on an annual basis.

Portfolio initiatives

2024 – to date

- Collected environmental data for real estate funds (Energy, Water and Waste) at occupier level
- Improved Tenant ESG & Satisfaction survey to help us build an understanding of tenants' current ESG ambitions and work collaboratively to achieve them
- Followed up with tenants on Technical Building Assessment in 2023
- Improved ESG Scorecard for long lease real estate and CGR
- Implemented ESG DDQ to be sent along Heads of Terms for real estate long lease and CGR
- Submitted real estate portfolios to the MSCI Climate VaR tool
- Engaged our renewable infrastructure team to assess and monitor Scope 2 emissions alongside avoided emissions
- Annual assessment of the fund's physical and transition policy risks through MSCI Climate VaR.

In progress

- Implementing a tailored scorecard for social infrastructure, alongside a policy detailing our impact framework for this asset class
- Enhancing the ESG Scorecard for renewable infrastructure based on materiality frameworks and peer analysis, which will support the implementation of a renewable infrastructure ESG Policy
- Aiming for data collection coverage across energy, water, and waste of at least 60% (weighted by floor area) by 2025, compared to the 2023 baseline year
- Aiming to achieve operational carbon net zero (Scopes 1 and 2) by 2030
- Implementation of long income pre-acquisition questionnaires to support origination teams in assessing material ESG factors such as tenant biodiversity strategy and assets' building certificates
- Mitigating the risks that relate to the Minimum Energy Efficiency Standards ("MEES"), scheduled for 2027 and 2030, through monitoring and cost assessment, where appropriate.
- Engaging with counterparties to include, where possible, a 'green clause'[18] in tenant leases

[18] The 'green clause' aims to influence tenant behaviour in a positive way with regard to the environmental performance of the property and environmental best practices, and ensure the tenant complies with the relevant environmental laws

Our ESG performance

We have assessed ESG performance for five of our real estate funds through GRESB, a benchmark for ESG metrics in real estate. The GRESB score offers an in-depth, quantified look at ESG performance, presented as a percentage score with a maximum of 100%. This score allows us to understand how our funds measure up in absolute terms and track improvements over time.

	2023 Score	2024 Score	
CLIP	55	65	▲
SLIP	52	63	▲
ILIF	57	66	▲
ELIF	57	76	▲
SLIF	50	61	▲

The score improvements during the period, which averaged +12%, were well-received, particularly as the industry average score decreased by 1%.

Furthermore, ELIF achieved a three-star rating, while ILIF was just 1% shy of achieving a two-star rating.

Creative steps towards net zero

Achieving net zero is challenging for any business. In some of our markets, it is even more difficult. We manage many of our real estate assets under FRI leases, where tenants control the asset operation, including energy and water consumption as well as waste management. This is unlikely to change. Ultimately, this means that tenants' management of the property and commitments toward incorporating ESG best practices are essential for achieving any net zero goal.

Developing a creative approach
The Group engages tenants in conversations about their own net zero strategies and can offer advice, where appropriate, in areas where improvements could be made. Moreover, through technological solutions like PropTech, we have significantly improved data collection, with some portfolios achieving over 90% data coverage for tenant energy consumption. Increased data accuracy and understanding of tenants' strategies will allow the Group to aggregate data and assess portfolios' net zero targets and alignment.

Therefore, while we are not able to directly enforce emissions reductions, our collaborative, data-driven approach supports our journey towards meeting these goals.

Our engagement with tenants

We have focused on enhanced data collection and proactive tenant engagement through a series of strategic initiatives.

ESG tenant surveys
To improve transparency and partnership with tenants, we conduct annual ESG tenant surveys. These surveys gather detailed information on tenants' ESG practices, such as adherence to sustainability standards for fit-outs or retrofit projects, implementation of net zero strategies, and policies on modern slavery and living wage standards. By seeking to understand tenant actions and challenges, we encourage sustainable behaviour across the portfolio.

ESG Technical Building Assessments
We conduct ESG Technical Building Assessments to better understand asset-level efficiencies. This includes gathering data on components like LED lighting, insulation, and infrared sensors to identify current efficiency measures. These assessments allow us to promote ESG improvements and create accountability in assets where direct control is limited.

Leveraging external expertise and technology
To address the limitations of FRI leases, we use technology and external consultants, which also contribute towards the comprehensiveness of the data collected on an annual basis. These efforts have led to better coverage of energy usage across assets, enabling a better understanding of tenants' sustainability performance.

2023 Data coverage across real estate funds

Fund	Fuel coverage	Electricity coverage	Water	Waste
ILIF	83.2%	66.4%	51.9%	42.5%
CLIP	80.9%	61.1%	32.1%	29.3%
ELIF	60.7%	60.7%	60.7%	60.7%
SLIF	80.4%	80.3%	0.0%	15.1%
SLIP	77.9%	78.1%	23.5%	31.4%
PLIG[19]	79.7%	83.6%	0.0%	19.4%
MANDATES[20]	96%	96%	34%	40%

[19] PLIG is a hybrid fund: this data refers to the direct property part of the portfolio
[20] Data collection coverage is expressed as an aggregate, weighted by floor area, for real estate property across four segregated mandates.

ESG committee

Whilst all our employees are encouraged to incorporate ESG into their roles, we have formalised the role of our ESG Committee as part of our sustainability governance framework and focused its operation to ensure its independence from fund management teams. These changes enable the committee to play a key role in processes such as monitoring performance under SDR.

The committee drives cross-firm collaboration on sustainability efforts for the implementation of initiatives and reviews their progress. It also promotes knowledge-sharing and culture-building around sustainability.

Led by the CIO & Head of Sustainability, this committee meets quarterly. It is authorised to implement initiatives across the Group, enhancing ESG integration within our operations and investments.

Edward Palmer
CIO and Head of Sustainability
(AlphaReal)

Maria Vaggione
Associate Director, Sustainability Team
(AlphaReal)

Arun Vaid
Associate, Sustainability Team
(AlphaReal)

Shajahan Alam
Director, Strategic Investment Solutions
(AlphaReal)

Robert van Maaren
Portfolio Senior Associate, Renewables
(AlphaReal)

Tamsin Martin Smith
Senior Manager, Client Solutions
(AlphaReal)

Elliot Tegerdine
Technical Director, Renewables
(AlphaReal)

Arbnor Salihi
Associate Director, Asset Management
(AlphaReal)

Sam Archer
Investment Director
(TIME Investments)

Alice Ruffell
Head of Sales Operations
(TIME Investments)

Assessing risk

Assessing climate risks with MSCI Climate VaR
We use MSCI Climate VaR for a forward-looking assessment and scenario analysis of climate-related risks and opportunities. The model considers two main components: transition risk and physical risk.

Transition risk assesses the potential financial impact of shifting to a low-carbon economy, considering various temperature increase scenarios (1.5°C, 2°C, and 3°C) and integrated assessment models. It combines top-down policy reduction requirements with bottom-up property-specific data, such as energy use and carbon intensities.

Physical risk focuses on potential building damage from extreme weather events like flooding, cyclones, and wildfires. It models both acute and chronic risks, using scenarios recommended by the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC).

This dual-pronged approach highlights both policy-driven changes and physical threats to assets.

Risk evaluation
We worked with a Sustainability Consultant to further assess transition risks, beyond just policy changes, to include technology, market, and reputational risks, alongside analysis of physical risks provided by MSCI Climate VaR. Climate risks were evaluated using rating scales for sensitivity and adaptive capacity, determining vulnerability through a quantitative framework. A survey of senior management and key teams informed our transition risk assessment, to build a better understanding of the firm's transition readiness.

Renewables climate risk approach
For renewable assets, such as onshore wind and solar, we have evaluated climate value-at-risk tools but found them less effective than our existing due diligence. The severity assessment of these tools did not align well with asset-specific risks identified through ongoing site-specific flood monitoring, and their assumptions sometimes contradicted firsthand experiences. We continue to explore new tools that can support portfolio monitoring and provide relevant investor insights.

Assessing social value and impact framework

In the case of our social infrastructure investments, we apply a proprietary impact framework to assess market return, intentionality, measurement and contribution in a systematic way. To achieve our stated social benefits, our team performs positive and negative screening of all prospective investments to ensure the appropriate asset utilisation outcomes are likely to be achieved. An ESG scorecard is applied in this context alongside an assessment of alignment to the core fund SDGs. Our social infrastructure investments focus on three pillars: health, housing and education.

Aligning with SDR
The FCA's Sustainability Disclosure Requirements ("SDR") and investment labels were published in April 2024, as part of the FCA's efforts to promote sustainable investing in financial products and services but also to combat potentially misleading marketing practices related to the sustainability characteristics of financial products and services.

The anti-greenwashing rule ("AGR") (which was effective from 31 May 2024) underpins SDR and requires statements about sustainability characteristics to be consistent with the reality of those characteristics and that these statements should be fair, clear and not misleading.

The Group performed a product-wide review to ensure that we were fully compliant with the AGR and has subsequently considered other aspects of the SDR including considering prospective products which may qualify for an investment label.

As part of this commitment, we are pursuing an impact label for our social infrastructure funds. This will help validate our efforts in measuring and communicating the impact of these investment strategies, ensuring alignment with best practices and industry expectations.

To strengthen our approach on a continuing basis, we have rolled out e-training on anti-greenwashing, complemented by training sessions with our marketing teams to reinforce responsible communication practices. In addition, we established an SDR Working Group in 2024 to address the evolving compliance requirements.

ESG scorecard

In 2022, we introduced scorecards to evaluate sustainability risks and opportunities across transactions, enabling us to integrate ESG considerations into our investment process. These scorecards cover climate risks, environmental due diligence, and social and governance metrics, with risk mitigation strategies identified. Scorecard formats varied by fund, with alternative methods approved by the Chief Investment Officer when necessary.

We have recently implemented a refreshed version of our long lease real estate and CGRs ESG Scorecard. Updated scorecards for social and renewables infrastructure are also in progress.

ESG scorecard: long lease real estate & CGR

Factor and description:

Climate Risk: Assessment of physical & transition risks, asset carbon intensity, and mitigants based on MSCI Climate VaR

Net Zero: Tenant's Net Zero targets

Energy Efficiency Rating: Assessment of asset's energy efficiency

Asbestos: External asbestos assessment, registers, and management plans

Asbestos – Lease: Lease requirements for tenant asbestos management

Deleterious Materials: External assessment of deleterious materials

Deleterious Materials – Lease: Lease requirements for tenant management of deleterious materials

Flood Risk: Flood likelihood and mitigants based on environmental survey

Flood Risk – Lease: Lease requirements for tenant management of flood risks

Land Contamination: External assessment of land contamination

Land Contamination – Lease: Lease requirements for tenant land contamination management

Mining: Site assessment for coal mining activity

Mining – Lease: Lease requirements for tenant management of mining risks

Radon: Risk assessment for radon gas presence

Radon – Lease: Lease requirements for tenant radon management

Biodiversity: Tenant's biodiversity initiatives

Social scorecard

Factor and description:

Modern Slavery: Tenant's Modern Slavery policy or statement

Health & Safety: Compliance with statutory health, fire, and safety requirements

E,S,G

Factor and description:

ESG Characteristics - asset specific: Asset-specific ESG characteristics showing responsible practices

SDG Alignment: Asset's alignment with UN SDGs based on investment's target contribution

ESG Impact/Risk: Overall assessment of ESG risk based on the individual assessment and attributed rating to the risk factors described above.

Governance scorecard

Factor and description:

Policy Compliance: Compliance with the Group's Responsible Investing Policy and Exclusion Policy

Cladding – Lease: Lease requirements for tenant cladding management

Fire Risk: Asset compliance with fire safety regulations

Fire Risk – Lease: Lease requirements for tenant fire risk management

Green Clause: Confirmation of a 'green clause' in the lease

Ofsted Rating: Independent rating for tenant/asset (social assets)

CQC Rating: Independent rating for tenant/asset (social assets)

Anti-Corruption Practices: Compliance with anti-corruption practices per KYC

Conflict of Interest: Compliance with Conflict of Interest Policy

Tax Transparency: Compliance with tax transparency as assessed by KYC

Case studies / spotlight:

Renewable infrastructure

Spotlight on Renewable Infrastructure

As the UK accelerates its transition to a net zero carbon economy, the Group continues to grow its portfolios of renewable energy investments, leveraging innovative solutions and a diversified approach.

By focusing on key technologies such as onshore wind, ground-mount solar, and battery energy storage systems (BESS), the Group's investment strategy aligns with the UK's ambitious decarbonisation targets while seeking to provide long-term returns for investors.

Key solutions

AlphaReal: Investment funds

Wind Renewable Income Fund (WRIF)

Renewable energy infrastructure

TIME: Wealth management solutions and funds

Advance

Discretionary managed Inheritance Tax (IHT) Service focused on renewable energy infrastructure, forestry and property lending

The growing role of Corporate Power Purchase Agreements (CPPAs)

The evolving renewable energy landscape has seen the end of government support schemes like the Feed-in Tariff and the Renewable Obligation, leading to increased market-led alternatives to provide revenue certainty. We have responded to this shift by increasingly targeting CPPAs, which allow renewable energy generators to secure long-duration offtake agreements with creditworthy corporations. These agreements, typically lasting seven to twelve years, reduce price risk for both the project owner and the offtaker, while securing the sustainability of the offtaker's energy usage.

Diversification across renewable energy technologies

A recent AlphaReal-commissioned survey of UK pension funds and insurers managing over £350 billion in assets revealed a strong preference for diversified renewable energy portfolios[21]. Key findings include:

85% of respondents aim to diversify across multiple renewable energy technologies

63% of investors have existing allocations to battery energy storage systems (BESS), with plans to increase this exposure in the next five years

67% hold allocations in onshore wind, the most popular technology, and plan to increase these holdings

54% invest in ground-mount solar and over half plan substantial increases in the next five years

This diversification aligns with the Group's strategic investment approach, particularly in terms of its derisking benefits.

> "The increasing take-up of CPPAs is an important development in achieving the UK's net zero ambitions."
>
> Raza Ali, Investment Director, Renewable Infrastructure at AlphaReal

Key acquisitions and investments

The Group's investments in renewable infrastructure continue to grow, with several notable acquisitions in 2024:

- **Bubney Energy Centre:** Acquired in January 2024, this 40.36MW ground-mount solar asset in Shropshire is currently the largest in our portfolio, spanning over 150 acres. The site can supply the equivalent energy consumption of over 15,216 UK households[22], offsetting over 8,506 tonnes of CO2 annually[23].

- **33MW Greenfield Solar Asset:** Acquired near Darlington in June 2024, this under-construction site is projected to supply the equivalent energy consumption of over 11,578 UK households[24], offsetting up to 6,473 tonnes of CO2 annually[25].

The Darlington asset aligns with the Group's increasing focus on greenfield assets with planning permission and grid connection. This reduces development risks while meeting the UK's urgent need for additionality in renewable capacity.

Insights on investor sentiments

Our surveys indicate a clear trend towards increased allocations in renewable energy. Over 90% of UK pension funds and insurers plan to boost their investments in renewable energy within the next 12 months[26].

Support for Community Initiatives

In line with planning permissions, the Group supports community initiatives such as Fun 4 Young People (F4YP), which provides after-school and holiday activities for vulnerable children in Bedfordshire. Through the Forest of Marston Vale Community Fund, we have supported F4YP's program at Wootton Lower School, enabling 60 local children from low-income and special needs backgrounds to participate in sports and other enriching activities.

Achievements

- The Group's renewable energy investments generated over 590,000 MWh[27] of clean energy during the reporting period, offsetting over 123,000 tonnes of CO2e[28], a testament to its alignment with net zero objectives.
- Increased focus on CPPAs across suitable projects, securing predictable, long-term revenue for investors and helping businesses meet their carbon reduction goals.
- Successfully expanded a diversified pool of renewable assets, with major acquisitions including the Bubney Energy Centre and Darlington solar site, growing the Group's £1 billion renewable energy portfolio.

Future goals

- With over 90% of surveyed institutional investors planning to boost renewable energy investments in the next five years, we aim to continue growing our portfolio to meet this demand[29].
- We will maintain a diversified approach across technologies to maximise returns and manage risk for investors.
- We are committed to supporting investors in achieving their net zero goals, with more than 93% of surveyed investors having already set such targets[30].

> "With most of our investors already establishing net zero targets, we focus on providing practical support to help them achieve these specific commitments."
>
> Edward Palmer, Chief Investment Officer and Head of Sustainability at AlphaReal

[21] Insurers and pension funds look to invest across range of renewable energy technologies - AlphaReal
[22] Ofgem - Typical domestic consumption values, electricity, medium level 2023 - 2,700 kWh.
[23] UK Government GHG Conversion Factors for Company Reporting 2024 - UK Electricity - 207.05 kg CO2e/kWh of electricity generated
[24] Ofgem - Typical domestic consumption values, electricity, medium level 2023 - 2,700 kWh.
[25] UK Government GHG Conversion Factors for Company Reporting 2024 - UK Electricity - 207.05 kg CO2e/kWh of electricity generated
[26] UK pension funds and insurers to boost renewable infrastructure investment - AlphaReal
[27] Annual MWh=Installed Capacity (MW) × Hours per Year × Capacity Factor. The amounts of energy produced will vary by year
[28] UK Government GHG Conversion Factors for Company Reporting 2024 - UK Electricity - 207.05 kg CO2e/kWh of electricity generated
[29] Institutional investors to increase allocations to sustainable investment sectors - AlphaReal
[30] Drive to reach net zero encourages pension funds and insurers to invest in renewable energy - AlphaReal

Case study:

Ecological Assessment of Baglan Solar Farm

Description

Baglan Solar Farm is an 11-hectare site in Neath Port Talbot, Wales, operating as a 5MW solar energy facility. The site offered a unique opportunity for biodiversity enhancement, as a previously concreted waste ground. Brighter Green Engineering was then commissioned to perform a detailed ecological assessment to document the current state of the site, evaluate its ecological features, and identify opportunities for enhancement, ensuring alignment with the surrounding environment.

The project's key objectives included:

- Conducting a thorough desktop study and field survey to establish baseline ecological data.
- Documenting the ecological features to understand the biodiversity present on the Site.
- Proposing ways to enhance the ecological quality, with a focus on supporting local wildlife.
- Developing actionable recommendations for managing and improving the site's ecological value.

How we led/supported the project

Ecological survey and methodology
An on-site assessment was conducted in June 2024. Key aspects of the process included:

- Conducting initial research on the landscape context, habitats, and historical ecological data of the site.
- Undertaking fieldwork to identify and document the flora and fauna present, with a focus on plant species diversity.
- Analysing findings to produce targeted strategies for biodiversity enhancement specific to the Site.

> "AlphaReal supported the Baglan Solar Farm assessment, which identified opportunities to enhance biodiversity. These efforts contribute to long-term sustainability by improving habitats and strengthening the site's ecological resilience."
>
> Stephen Daniels, Head of Investments and Partner at TIME Investments

Key findings
Greater plant diversity was found along the site's margins. A comprehensive botanical survey revealed 63 plant species, showcasing significant ecological richness for a waste ground site. Two rare orchids—the bee orchid (Ophrys apifera) and the southern marsh orchid (Dactylorhiza praetermissa)—were identified, emphasising the site's conservation value.

Although a Biodiversity Net Gain (BNG) baseline assessment was considered, it was found to be unsuitable due to current BNG frameworks not aligning with waste ground conditions. Instead, the focus remained on site-specific ecological improvements.

The survey also indicated that part of the site presented Health & Safety risks due to the former industrial use of the land. We have therefore invested in landscape improvements to remediate these hazards.

Notable achievements

Discovery of rare species
Identification of ecological richness including rare plant species contributed to local conservation data.

Detailed ecological analysis
Provided a robust understanding of vegetative composition and habitat potential.

Practical enhancement recommendations
Devised clear strategies to improve ecological value and support local wildlife.

Customised approach
Tailored the enhancement strategy to the Site's specific ecological context, emphasising flexibility over traditional BNG assessments.

Overall impact

The ecological assessment of Baglan Solar Farm provided a comprehensive overview of its biodiversity, with recommendations for enhancement offering a clear path for managing and improving the site's ecological value effectively. We will conduct regular monitoring to track changes in biodiversity, documenting progress and adjusting our approach as needed. These steps will help align the site's ongoing management with local conservation efforts and enhance its ecological value in the long term.

Case study:

Construction of onshore wind asset on repurposed land

Description

In 2024, we successfully completed a 13.5MW onshore wind farm near Rigmuir, Scotland. The pioneering project repurposed a disused landfill site for clean energy generation, marking the Group's first venture of its kind. The project supports the UK's net-zero goals and demonstrates a commitment to land rehabilitation and biodiversity restoration.

The project's focus included:

- Conducting land rehabilitation efforts to restore biodiversity in a previously industrial location.
- Leveraging innovative blade transportation techniques for efficient installation.
- Securing a Corporate Power Purchase Agreement (CPPA) to ensure long-term renewable energy demand.

How we led/supported the project

Land Rehabilitation and Biodiversity Focus
The project's location—a former landfill—required targeted efforts to support land rehabilitation. The site's redevelopment for wind energy production not only contributes to renewable energy capacity but also plays a significant role in environmental restoration.

Innovative Project Implementation
An innovative blade lifter technology was utilised during the transportation phase, allowing turbine blades to be transported horizontally and tilted up to 60 degrees. This method facilitated efficient access through narrow and dense residential or commercial areas.

Power Purchase Agreement
A notable achievement of this wind farm is the physical sleeved Corporate Power Purchase Agreement (CPPA) signed with a leading European packaging company, commencing from September 1, 2024. This CPPA ensures the farm's energy output will be effectively utilised by a corporate client, demonstrating investor demand and reinforcing the Group's commitment to long-term energy sustainability.

Notable achievements

Strategic Land Repurposing
The conversion of a disused landfill into a clean energy source underscores our innovative approach to asset utilisation. The project contributes towards the UK net zero goal while restoring biodiversity to the once-industrial site.

Enhanced Renewable Energy Portfolio
This 13.5MW wind farm is a significant addition to AlphaReal's renewable assets. It supports increased investor commitments to onshore wind energy, and the UK's journey to net zero.

Overall impact

By focusing on land rehabilitation and long-term energy security, the project aligns with the Group's broader sustainability strategy, emphasising environmental stewardship and proactive investor engagement.

> "Through strategic acquisitions, innovative transport solutions, and CPPA partnerships, the Group has demonstrated an effective approach to sustainable land use and clean energy production."

Maria Vaggione, Associate Director, Sustainability Team at AlphaReal

Case studies / spotlight:

Social infrastructure

Spotlight on social infrastructure

The Group is dedicated to driving social impact through strategic investments in essential social infrastructure sectors, including healthcare, education, and housing. By aligning institutional capital with these areas, we aim to deliver both financial returns and long-term benefits to communities across the UK. Our social infrastructure strategy shows a commitment to providing secure, inflation-linked income while creating measurable impact.

Key solutions

AlphaReal: Investment funds

Social Long Income Fund (SLIF)

Long-income, inflation-linked social infrastructure

TIME: Wealth management solutions and funds

Social Long Income PAIF (SLIP)

Long-income, inflation-linked social infrastructure

Expanding educational capacity
Through its Social Long Income Fund (SLIF), AlphaReal contributed toward expanding the UK's educational infrastructure. In 2023, the fund successfully created 250 new places at nurseries and special educational needs facilities across three sites. These projects repurposed existing real estate to provide best-in-class educational spaces, enhancing both capacity and environmental performance.

Addressing the social infrastructure gap
The UK faces an estimate of over £50 billion shortage of fit-for-purpose social infrastructure, with education alone representing a £10 billion investable opportunity[31]. The Group's focus on connecting investor capital with social infrastructure projects helps address this gap while delivering resilient, inflation-linked income streams for investors.

> "These investments are essential to provide much-needed educational capacity in the UK. Additionally, the facilities' improved EPC ratings and embodied carbon savings are solutions that align with a more sustainable future."

James Murray, Head of Social Infrastructure at AlphaReal

Achievements

250 new educational places created

Through its Social Long Income Fund, AlphaReal repurposed real estate to create 250 additional places at nurseries and special educational needs facilities, enhancing both capacity and environmental sustainability.

109 nursery places created

Through its Social Long Income North-West segregated mandate, AlphaReal forward funded a new children's day nursery which opened in Q1 2024, supporting children's learning outcomes.

SDR assessment

We are pursuing an impact label for our social infrastructure funds to demonstrate the sustainability of these investment strategies.

Award-winning impact

Recognised as 'Impact Manager of the Year' for two consecutive years, reflecting our strategies' commitment to creating measurable social and/or environmental benefits.

Over £1.2 billion deployed in social infrastructure

The Group has invested over £1.2 billion into assets that provide positive social value, focusing on health, housing, and education.

Future goals
- We aim to continue expanding our portfolio of essential healthcare and educational facilities, addressing key shortages in these sectors and enhancing the quality of services provided.
- With a strategic focus on housing alongside health and education, we plan to address pressing social infrastructure needs through targeted investments that provide secure, inflation-linked returns.

> "We remain committed to improving the environmental performance of our social infrastructure assets through sustainable practices and investments in energy-efficient facilities."

Edward Palmer, Chief Investment Officer and Head of Sustainability at AlphaReal

[31] Based on AlphaReal estimate

Case study:

Heath Farm School - SEND School Expansion

Description

Heath Farm School, located in Maidstone, Kent, is dedicated to students aged 16-18 with Special Educational Needs and Disabilities (SEND). SLIF acquired a site to expand the school's 6th form and provide space for up to 60 students. The expansion repurposed a redundant preparatory school to address the operator's specific requirements, focusing on social impact while also looking to improve the asset's environmental characteristics.

The key themes of the project include:

- Refurbishing the building with a focus on embodied carbon savings.
- Enhancing energy performance to minimise the project's operational emissions.
- Addressing social needs by improving access to specialised education for underserved SEND students.

How we led/supported the project

Site acquisition
SLIF acquired the site and established a 25-year development lease with the operator, Outcomes First Group, ensuring stable and sustainable delivery of SEND education.

Key activities include:

- Refurbishing the existing structure, aiming for significant embodied carbon savings equivalent to nine years of energy use.
- EPC upgrades upon operational use.
- Following completion of the refurbishment works, the school can provide fit-for-purpose accommodation suitable for those with a SEND requirement.

> "These efforts demonstrate our commitment to creating sustainable, energy-efficient facilities while ensuring essential services meet the needs of communities."
>
> James Murray, Head of Social Infrastructure at AlphaReal

Notable achievements

Environmental sustainability
Refurbishing instead of constructing new buildings results in carbon savings and aligns with climate-friendly solutions.

Alignment with impact frameworks
The project aligns with "Contributing to Solutions" according to The ABC Impact framework[32], and is rated as having "Medium Additionality", based on a classification methodology developed in collaboration with The Good Economy and which assesses the project's contribution to positive, measurable outcomes.

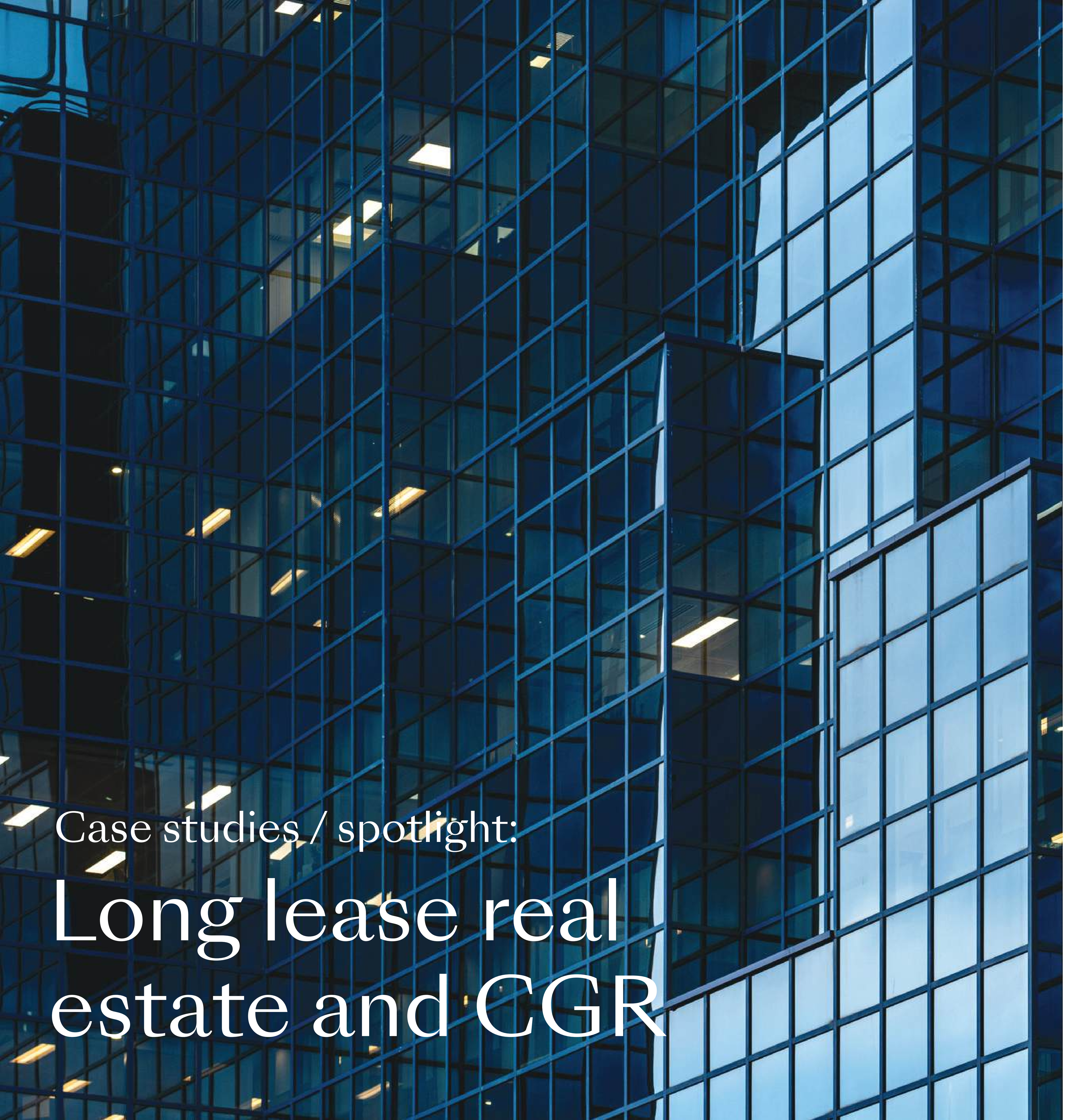
Long-term commitment
The 25-year lease structure demonstrates SLIF's commitment to sustainable education, providing a stable foundation for Outcomes First Group.

Social impact
Expanding capacity at Heath Farm School addresses the need for specialised education, enhancing the educational experience for students with SEND.

Overall impact

The expansion of Heath Farm School provides a sustainable and supportive educational environment for SEND students. The refurbishment-first approach, alongside the benefits of carbon saving and a long-term partnership, enables the asset's delivery of positive social impact.

[32] ABC of Enterprise Impact | Impact Frontiers.



Spotlight on long lease real estate and CGR

The Group remains at the forefront of the UK's long lease real estate and Commercial Ground Rent ("CGR") market. As a leading specialist in secure income investments, our strategy focuses on structuring long-dated, inflation-linked assets that provide stability and predictable returns for institutional investors. Although the strategy does not have a sustainability objective or SDR label, ESG considerations are integrated into our investment processes for risk management purposes and social infrastructure is a key investment sector.

Key solutions

AlphaReal: Investment funds

Index Linked Income Fund (ILIF)

Long-income, inflation-linked CGRs

European Long Income Fund (ELIF)

Long-income, inflation-linked European commercial property investment

TIME: Wealth management solutions and funds

Commercial Long Income PAIF (CLIP)

Long-income, inflation-linked commercial property investment

Expanding long lease real estate investments
In 2024, AlphaReal achieved a major milestone, surpassing £500 million in long income real estate investments in partnership with Just Group plc. This strategic collaboration has resulted in the development and financing of over 170 facilities across the UK, including childcare, educational, and healthcare services.

Leadership in CGR
AlphaReal has cemented its position as a leader in the CGR market, deploying over £2 billion to date. CGRs provide a reliable source of secure, inflation-linked income, particularly attractive to investors seeking secure long-term income. Amid recent shifts in market dynamics, UK insurers have significantly increased their allocations to CGRs.

Strategic investments in social and healthcare infrastructure
The Group's CGR investment strategy includes investments in social infrastructure assets which align with essential public needs. In 2024, AlphaReal structured a £33 million ground rent investment in specialist healthcare facilities, supporting children and adults with acute care needs. These investments provide long-term, inflation-linked cashflows while offering critical services across the UK.

> "With a portfolio of 28 childcare facilities, we are supporting the provision of essential care and education to over 29,000 children nationwide."
>
> Maria Vaggione, Associate Director, Sustainability Team at AlphaReal

> "While not its primary objective, AlphaReal's origination and structuring of Commercial Ground Rents often supports the provision of essential social infrastructure."
>
> Patrick Grant, Head of Long Income at AlphaReal

Achievements

£500 million milestone in long lease real estate
Surpassed £500 million in long lease real estate investments in partnership with Just Group, funding over 170 social infrastructure facilities across the UK.

Awards
Shortlisted for 'Real Estate Manager of the Year' at the Insurance Investor European Awards 2024.

Strategic investments
Structured £33 million in long-dated ground rent investments in specialist healthcare facilities which enabled enhanced care services for children and adults with complex needs.

Market leadership in CGR
Deployed over £2 billion in CGR, establishing AlphaReal as a leading asset manager in the UK and Europe.

[29] UK insurers to grow commercial ground rents investment, AlphaReal says – AlphaReal.

Case study:

Tenant engagement programme

Description

CGRs involve long-dated FRI leases where landlords hold the freehold, but tenants have operational control. This structure limits the landlord's direct influence over tenant practices. Despite this, CGRs emphasise partnerships to promote sustainable practices and long-term value creation.

Our focus includes:

- Post-acquisition engagement to remediate environmental risks.
- Engaging in greater detail with tenants on their sustainability strategy through ESG & Satisfaction Surveys.
- Conducting Technical Building Assessments to evaluate energy efficiency and environmental best practices at the asset level.
- Holding Tenant Meetings, typically on an annual basis, to discuss financial performance as well as relevant ESG topics.

How we led/supported the project

Tenant ESG & Satisfaction Surveys
In 2023, the Group led surveys to understand tenants' ESG initiatives, improve relationships, and identify sustainability opportunities. The survey covered areas like tenant satisfaction, sustainability practices, and governance policies.

The surveys revealed several positive aspects of tenant experiences, including ***clear communication and support, a flexible partnership approach, and awareness and accountability on ESG.*** Areas to improve included tenants needing more specific guidance on ESG standards, resource limitations in implementing these standards, and concerns over compliance and reporting burdens.

Technical Building Assessments
These assessments aim to evaluate and encourage sustainable building practices, such as LED lighting and insulation. Tenants participated in assessments in early 2023 for the 2022 calendar year, enhancing awareness of asset-level ESG performance. During this reporting year, we followed up with tenants after the initial technical building assessments sent in 2023 to obtain further responses and details where needed.

Post-acquisition engagement
The Group produced post-acquisition reports for risks and monitored actions through regular progress checks. Tenants completed required actions, such as asbestos surveys and EPC rating improvements, demonstrating collaboration with relevant stakeholders on sustainability.

Annual tenant meetings
Regular meetings are conducted, typically annually, to review financial performance but also ESG practices. These meetings provide a platform for discussing asset changes, sustainability-related risks and opportunities, and any reportable ESG incidents.

"By integrating ESG into the agenda, these meetings create opportunities for dialogue with tenants on sustainability matters, aligning with our engagement strategy and identifying further collaborative initiatives."

Gordon Smith, Head of Long Income Funds Management at AlphaReal

Notable achievements

Partnership-driven ESG engagement
Despite FRI lease structures, the Group effectively collaborates with tenants through surveys, technical assessments, and meetings.

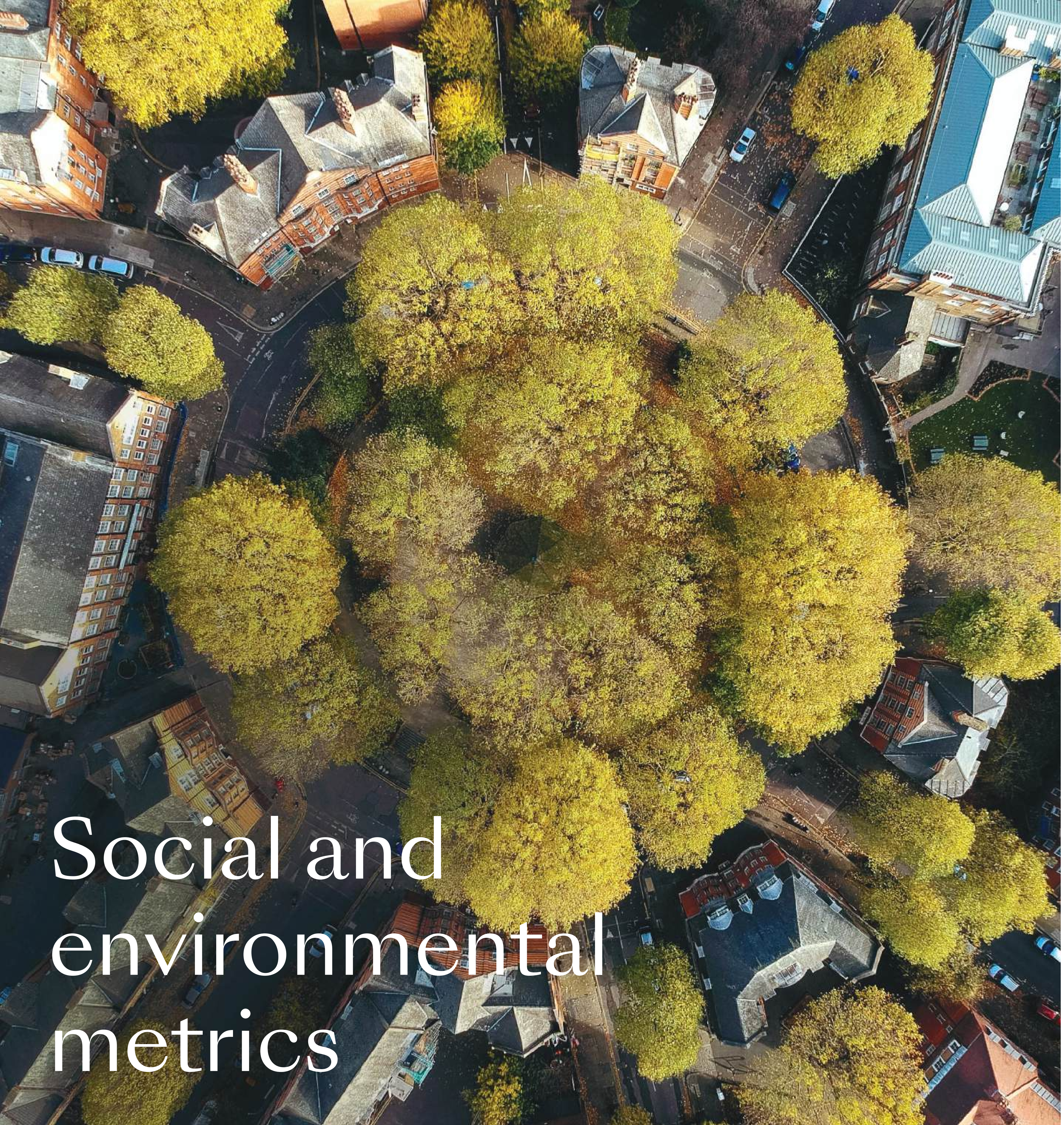
Comprehensive ESG monitoring
Regular data collection and feedback enhance understanding of tenant sustainability practices.

Meeting our criteria
Proactive engagement seeks to ensure that properties meet or exceed baseline ESG criteria.

Promoting sustainability
The Group's approach encourages tenants to improve sustainability, reflecting a commitment to long-term environmental stewardship.

Overall impact

Through active engagement with tenants, the Group has aimed to promote sustainable practices within a framework of long-dated leases.



Social and environmental metrics

The Group: D&I, Absenteeism rate, work-related injuries and fatalities

0.9%	0%	0%
Absentee rate[33]	Injury rate	Lost day rate

All new staff members receive a health and safety induction on their first day, which includes an office tour, information on amenities, fire exits, and relevant procedures and policies.

We closely monitor health and safety metrics, including absentee rates, injury rates, and lost days.

Injury rates are determined by the number of reported occupational injuries, while lost days are calculated as a percentage of total scheduled workdays for the 2023/24 financial year.

[33] The absentee rate is expressed as a percentage of total days scheduled to be worked by staff during the reporting period. We considered the total number of days to be worked in the 2024/2023 financial year as total no. of employees across the Group (203 employees) multiplied by total working days (260 days). The ratio is then expressed as the total number of days recorded absence for the period (451.5 days) divided by the total number of days * 100%.

Our emissions data[34]

	Emission type	2023 emissions (tCO2e)
Scope 1	Corporate operations - Fuel use	2
	Total Scope 1	**2**
Scope 2	Corporate operations - Market-based electricity use	0
	Import contracts - Renewable infrastructure - Market-based energy consumption	35
	Total Scope 2	**35**
Scope 3	Corporate business travel	162
	Other business operations	856
	Investments and downstream leased assets	37,469
	Total Scope 3	**38,487**

[34] Emissions from assets managed under a segregated mandate are not reported by the Group. The assets are owned, and the emissions reported by a third party. AlphaReal Trust, TIME:Advance, TIME:AIM and TIME:CTC are not included in the emissions data above. For further details on our emissions methodology, please refer to our latest TCFD report.

Definitions

“ESG” stands for “Environmental”, “Social” and “Governance”. It is a broad acronym which encompasses a variety of factors which can largely be interpreted as follows:

Environmental: This limb incorporates (amongst others) climate change, natural resources, pollution, recycling and waste. In real estate terms, this primarily focuses on the energy efficiency and emissions of buildings which are increasingly determined and assessed against “green” rating systems as well as the use of Energy Performance Certificates (EPCs), Asbestos & Deleterious Materials, biodiversity, land contamination, asbestos and so on.

Social: This limb incorporates human capital and social opportunities. In real estate terms, this focuses on a building’s impact on society, for example, the health and well-being of tenants and the local community and is driving demand for larger public green spaces, modern slavery and health and safety.

Governance: Governance includes harder-to-quantify factors such as diversity, culture, reputation, Ofsted and CQC ratings, and Anti-corruption practices which are applicable not just to the property owner but also to tenants, management companies and other on-site staff.

“Sustainability” and “ESG” are used in this report as relatable concepts. However, we understand Sustainability as a broader principle of responsible and ethical business practices involving long-term thinking around economic, social and environmental needs, while ESG is seen as a framework for the application and assessment of sustainability.

AlphaReal

TIME INVESTMENTS

Contact us

338 Euston Road
London
NW1 3BG
United Kingdom