



# Group Disclosure

2025

# Introduction from our CEO

Welcome to the Group's third climate risk disclosure report. This year we continue to strengthen our alignment with the International Financial Reporting Standards IFRS S2, building on the foundation established in our previous disclosures and addressing remaining implementation gaps.

We have undertaken a comprehensive assessment of material changes in our climate risks through our work with external specialists, building on the materiality survey and transition risk assessment conducted in the previous year. This ongoing evaluation enables us to maintain robust climate risk management and reporting frameworks.

Our data collection processes have been enhanced, exceeding our >60% energy data coverage target through improved quality and coverage initiatives. The growth of our renewable infrastructure business continues to deliver renewable energy to the UK grid, supporting the UK's 2050 Net Zero target. We have also implemented key elements of our Health, Safety, Environmental and Quality (HSEQ) plan that strengthen our climate resilience and operational sustainability frameworks.

During the reporting period, we have enhanced our ESG scorecards for both renewables and real estate investments, incorporating materiality assessments and evolving risks such as biodiversity.

This report provides enhanced detail on our integration of climate-related risks and opportunities into our business operations, supported by more granular risk assessment processes that strengthen our resilience and understanding of potential impacts.

**Phillip Rose**  
Chief Executive Officer



# About the Group

Alpha Real Capital Limited ('the Group', 'the Company', 'we' or 'us') encompasses Alpha Real Capital LLP ('AlphaReal'), TIME Investments ('TIME') and Landa LLP ('Landa'). Alpha Real Capital Holdings Limited is the immediate parent company of AlphaReal, TIME and Landa, with Alpha Real Capital Limited being the ultimate parent company.

TIME is the Group's authorised wealth management investment solutions arm. Landa is the Group's property and asset management arm.

The Group works with a wide range of UK, European and international investors, including pension funds and other large institutional investors, as well as private investors, family offices and wealth managers through TIME. Together, we have a 200-plus strong professional team and £4.8 billion<sup>1</sup> of assets under management, including capital commitments.

We look for long-term relationships with our investment partners, tenants, lenders and other stakeholders. We are signatories to the United Nations Principles for Responsible Investment (UN PRI), the UN Global Compact and members of The European Association for Investors in Non Listed Real Estate Vehicles (INREV) and the Association of Real Estate Funds (AREF), among others.

<sup>1</sup> As at 31 March 2025

# Platforms

Specialist Platforms	Investment Funds	Wealth Management Solutions & Funds
<b>AlphaReal Long Income</b> Long-income real estate and social infrastructure	<b>Index Linked Income Fund</b> Long-income, inflation-linked commercial freehold ground rents	<b>TIME:Advance</b> IHT investment services focused on renewable energy infrastructure and property lending
<b>AlphaReal Renewables</b> Renewable energy infrastructure	<b>European Long Income Fund</b> Long-income, inflation-linked European commercial property investment	<b>TIME:Property Income</b> Long-income, inflation-linked commercial property investment
<b>Alpha Property Lending</b> Property lending	<b>Social Impact Fund</b> Long-income, inflation-linked social infrastructure	<b>TIME:Freehold</b> Long-income, inflation-linked freehold ground rents
	<b>Wind Renewable Income Fund</b> Renewable energy infrastructure	<b>TIME:Social Impact Property</b> Long-income, inflation-linked social infrastructure
	<b>AlphaReal Trust</b> Property lending and other asset-backed investing	<b>TIME:UK Infrastructure Income</b> Renewable energy and infrastructure securities

Please reference Appendix I for details on the disclosure’s scope – both with respect to products excluded and products included in the climate risk assessment and/or GHG Accounting.

# Executive Summary

This report covers the reporting period from 1 April 2024 to 31 March 2025 ('2024-2025'). The report has been prepared in accordance with the disclosure requirements set out in IFRS S2 climate-related disclosures, to provide a transparent account of the Group's governance, strategy, risk management, and performance in relation to climate-related risks and opportunities. The report is structured to provide both a high-level overview and detailed insights into the Group's climate-related approach and performance. It is introduced with this executive summary, outlining key developments and highlights for the reporting period. The main sections of the report then expand upon each of the four core pillars of IFRS S2.

Further information on the methodology, including reporting boundary and exclusions, the climate-risk characterisation approach, and the general assumptions applied, is presented in the appendix to this report.

## Governance

The Group's governance in relation to climate risk is the responsibility of the Board of Alpha Real Capital Ltd ('ARCL' or 'the Board', with the Executive Management Committee ('EMC') holding responsibility for the assessment of climate-related risks. The EMC held its annual meeting in December 2024, demonstrating active governance oversight. Minutes of the EMC are available to the Board, and a clear escalation route is in place for material risks.

The consideration of climate risks is integrated into the Group's organisational structure through its Investment Committee, Risk Committee, and the Asset and Fund Management teams. The Group also has a Sustainability Committee, with a formal Terms of Reference. The committee is chaired by the Joint-Deputy CEO, CIO, and Head of Sustainability, meeting quarterly. It is the responsibility of this committee to collaborate on capabilities and solutions regarding sustainability, which includes climate-related risks and opportunities.

## Strategy

The Group manages several funds on behalf of investors. AlphaReal funds are available to institutions such as pension funds and insurers, while TIME funds are primarily available to advised retail investors. Overall, the key asset classes in which the Group invests on behalf of investors that are captured in this report are:

- **Long Income:** including Commercial Ground Rents, Long Lease Real Estate, as well as Social Infrastructure real estate diversified across the health, housing and education sectors.
- **Renewable Infrastructure:** UK onshore wind and ground mount solar

The majority of the Group's investments are located in the UK, with a small portion of assets located in Western Europe.

Integration of climate-related risks and opportunities in terms of process, tools and data availability may vary depending on the asset class. However, it is our overarching philosophy and commitment to ensure ESG factors are integrated into our investment process, seeking to identify, measure and manage climate risks and, where possible, opportunities, across our platforms and investments.

During the reporting period, the Group has enhanced its policy framework, formalising its Group-level Exclusion Policy and updating its Responsible Investing & Corporate Responsibility Policy. The Group also demonstrated strengthened governance with regard to its ability to adapt to a changing regulatory environment – particularly in light of the FCA's Sustainability Disclosure Requirements (SDR) and labelling regime.

## Material climate risk assessment

The Group assesses both physical and transition risks. Physical risks are defined as acute or chronic, with policy, technology, reputation and market being assessed under transition risks. Risks are assessed over the short (0-5 years), medium (5-15 years) and long term (15 years+), at the entity and fund level under different temperature scenarios.

**Methodology updates:** The 2025 assessment shifted to quantitative Climate Value-at-Risk ('Climate VaR' or 'CVaR') analysis. In addition, MSCI's adoption of the Fathom flood risk model enhanced coastal flooding assessment accuracy, reducing risk scores across portfolios.

Our risk categorisation approach can be found in the Appendix, and detailed commentary can be found in the 'Strategy' section of the report.

## Summary of material entity and fund level climate risks

Risk level	Risk category	Specific risk	Impact level	Horizon	Change from 2023-2024
Entity	Transition	Data capture, coverage and quality (Technology)	Medium to High	Medium term	No change
Fund - Real Estate	Physical	Pluvial flooding	Low to Medium/Low	Short-Long term	(Terminology change, previously "Precipitation")
	Transition	Mandates on and regulation of existing products and services (Policy & Legal)	Medium	Medium-Long term	No change
		Uncertainty in market signals (Market)	Medium	Long term	No change
		Data capture, coverage and quality (Technology)	Medium-High	Medium term	No change
Fund - Renewables	Physical	Pluvial flooding	Low to Medium/Low	Short-Long term	(Terminology change, previously "Precipitation")
	Transition	Uncertainty in market signals (Market)	Medium	Long term	No change

## Key risk considerations

- **Renewable infrastructure assets** show lower risk profiles due to their alignment with climate transition objectives and greater operational control
- **Real estate physical risks are mitigated through an FRI lease structure**, where tenant responsibility for building operations and maintenance reduces direct exposure to risks
- **Operational complexity varies:** renewable assets provide direct data access and control, while real estate requires tenant engagement for data collection and risk management
- **Data collection** represents the primary challenge, with real estate assets managed under FRI leases facing complexity when compared to directly controlled assets.

## Risk outlook – Summary

Physical risks are minimal at the entity level with manageable fund-level impacts. The Group is focused on mitigating climate-related transition risks, particularly data capture, coverage and quality, discussing and implementing improvements for the 2025 data collection cycle. In addition, focus remains on regulatory compliance, including Minimum Energy Efficiency Standards ('MEES') regulations scheduled for 2027 and 2030, and enhanced reporting requirements expected by key stakeholders. Due to the long-term nature of leases and FRI lease structures governing the majority of real estate assets, MEES impact is negligible for most properties, and the Group will concentrate efforts on assets within the scope of regulatory changes.

## Risk management

The Group identifies and assesses climate-related risks using a range of methods and tools. This includes understanding the overall exposure to climate risks through Climate VaR for real estate funds, coupled with external consultants' risk assessment framework, and appropriate environmental due diligence for its Renewable Infrastructure assets. This is complemented by undertaking decarbonisation analysis, such as the Carbon Risk Real Estate Monitor (CRREM) pathways, through MSCI's CVaR tool, as well as the investigation of emissions and energy data.<sup>2</sup>

At an asset level, ESG due diligence is carried out through an ESG scorecard approach, which has been further developed during the reporting period. Ongoing management of risks is then addressed through the Group's governance structures and processes. The Group keeps under review the effectiveness of its existing risk management frameworks in addressing asset vulnerability and exposure, and to identify opportunities for risk management improvement.

<sup>2</sup> This assessment builds on a comprehensive climate risk analysis from the prior period, reviewed annually for material changes in accordance with IFRS S2 requirements.

## Metrics and targets

The Group has identified a series of metrics and targets to manage climate-related risks and opportunities and to drive the Group's overall strategy to achieve net zero by 2050. We continue to improve our understanding of our funds' carbon performance. The Group has disclosed Scope 1, 2 and 3 emissions and continues to engage with tenants to increase portfolio emissions coverage, achieving over 60% energy data coverage across portfolios, exceeding our target.

### 2024 Performance:

- **Scope 1 emissions:** 0 tCO<sub>2</sub>e
- **Scope 2 emissions:** 26.46 tCO<sub>2</sub>e (location-based) / 17.99 tCO<sub>2</sub>e (market-based)
- **Scope 3 emissions:** 30,181.42 tCO<sub>2</sub>e (market-based)
- **Renewable generation:** circa 610 GWh<sup>3</sup> (equivalent to over 225,000 homes powered<sup>4</sup> or over 126,000 tonnes of CO<sub>2</sub>e avoided<sup>5</sup>)

To enhance year-on-year progress tracking, we have introduced an intensity-based emissions metric in our internal assessment methodology. In addition, we are improving data consistency and comparability across reporting periods. In parallel, we are assessing decarbonisation strategies with the support of external consultants to inform our longer-term emissions reduction pathway.

## Progress in mitigating climate risk

Increasing resilience to climate change across our business and funds is an ongoing journey. While improvements can always be made to analysis and actions, the changing nature of climate events and their impacts, in addition to a changing policy and market landscape, means that there is a need for constant evolution and adaptation to risk. For further details on our progress, please refer to the section 'Metrics and Targets' of this report.

### Highlights for the period

- First annual EMC Committee meeting convened in December 2024, focusing on climate data collection methodology, risk assessment results, and process improvements, demonstrating senior management's active accountability for sustainability strategy delivery and climate risk assessment
- Establishment of formal Sustainability Committee Terms of Reference in October 2024, transitioning to quarterly meetings and formalising the committee's role in coordinating sustainability initiatives, providing governance oversight, and monitoring climate risks and opportunities
- Updated proprietary ESG Scorecard framework used in the investment process for both real estate and renewables investments, reflecting evolving understanding of material climate-related risks for the asset classes.
- Development of an HSEQ management policy, utilised by direct investments in renewable infrastructure. In embedding this policy, we can enhance the resilience of investments by systematically addressing operational, environmental, and social considerations.

<sup>3</sup> Annual MWh=Installed Capacity (MW) × Hours per Year × Capacity Factor. The amounts of energy produced will vary by year.

<sup>4</sup> UK homes powered based on Ofgem typical domestic usage consumption values for electricity (medium level) in 2023 of 2,700kWh per year.

<sup>5</sup> Carbon avoidance based on UK Government GHG Conversion Factors for Company Reporting 2024 (207.05gCO<sub>2</sub>e/kWh of electricity generated). Environmental benefits are typically claimed by the end users who buy the power, and we report on a facilitator basis. Please note that the amounts of energy produced, and hence carbon offset, will vary by year.

# Governance

## Describe the board's oversight of climate-related risks and opportunities

### The Board

The Board takes ultimate responsibility for sustainability performance. The Board empowers the Executive Management Committee ('EMC') to assess the Group's climate-related risks and opportunities, and to determine whether any potential risks require escalation to the Board. The Board will oversee the EMC, reviewing and scrutinising its findings. EMC minutes are made available to the Board of Alpha Real Capital Ltd ('ARCL') following annual committee meetings.

### Organisational structure

The Group is governed by the Board. References to the Group should be interpreted as referring to the key subsidiaries of ARCL together, i.e. AlphaReal and TIME.

For detailed information on the Group's organisational structure, including subsidiary entities and governance arrangements, please refer to Alpha Real Capital Limited, Our Credentials, 2025<sup>6</sup>.

<sup>6</sup> <https://alphareal.com/wp-content/uploads/2025/09/AlphaReal-Credentials-August-2025.pdf>

# Describe management's role in assessing and managing climate-related risks and opportunities.

## Executive Management Committee

The Group Executive Management Committee (EMC) represents the senior management of the Group and comprises five members. The Joint-Deputy CEO, CIO and Head of Sustainability and the Joint-Deputy CEO and COO jointly lead this committee, which also includes the CEO and CFO as members. The committee holds a delegated authority from the Board to assess climate-related risks and opportunities across the Group. It meets annually to oversee the strategic direction of the Group's approach to managing these risks and determines whether any issues are deemed material and require escalation to the Board. The threshold for escalation will not be subject to a minimum to allow the EMC flexibility in its recommendations. The EMC met for the first time in December 2024. Key discussions included addressing limitations in data collection, improving comparability of emissions data, and implementing early outlier analysis. The Committee also discussed its Terms of Reference, which was subsequently refined and approved by all members.

## Investment Committee

The Group Investment Committee (the 'IC') is the transaction-focused committee in which senior management from AlphaReal and TIME (as appropriate) discusses the purchase and disposal of properties, asset-backed operating businesses, loan investments, significant lease agreements and/or capital raising and refinancing. It plays a key role in ensuring that due consideration is given to investment decisions. Regarding assessing and managing climate-related risks and opportunities, sustainability factors are incorporated into the investment decision process across the Group, albeit in different formats and including different characteristics depending on the asset class. For instance, in the case of Long Income, the largest proportion of our AuM, all IC papers and recommendations are required to include an assessment using MSCI Climate Value-at-Risk ('Climate VaR' or 'CVaR'), which is included in our proprietary ESG Scorecard. This scorecard summarises a range of ESG risks and opportunities pertinent to the transaction in question and forms an integral part of the materials reviewed by the IC. For other areas of the business, such as Renewable Infrastructure, where the use of Climate Value-at-Risk tools is not yet appropriate, or for certain funds with assets of less than £100m, climate-related risks and opportunities and ESG due diligence may be evidenced using an alternative method or an adapted form of the ESG Scorecard, approved by the Chief Investment Officer.

## Risk Committee

The Group Risk Committee ('RC') is a forum in which senior management from AlphaReal and TIME meet to discuss and review risk issues. It is differentiated from the EMC (which is strategic in nature) and from the IC (which is focused on transactions), with its focus instead being on corporate risk management, with climate-related risks and opportunities considered to be a subset of this. The RC meets monthly, and it considers climate-related risks and opportunities to the extent they relate to the ongoing business strategy of the Group. The membership of the RC includes the CEO, the Joint-Deputy CEO and COO, the Joint-Deputy CEO, CIO and Head of Sustainability, the CFO and the Financial Director & Head of Compliance and Risk for TIME.

## Asset Management Team

The Asset Management team plays a key role in the risk management process of climate-related risks at the asset level. This team is responsible for working with tenants and closely monitoring remedial actions, previously identified at the IC or by the fund management team, as required, to mitigate climate risks. The team will ensure that the agreed actions with tenants are executed successfully and promptly.

## Fund Management Teams

ESG factors are embedded in the investment process, and as noted above, ESG considerations, including climate-related risks and opportunities, are incorporated both at the time of acquisition as well as ongoing monitoring. The fund management teams prepare an ESG Scorecard for presentation to the IC, which takes a holistic view and considers inter alia the climate risk of an asset, environmental due diligence findings, and other metrics relevant to social and governance factors. As noted above, the precise format and contents of the ESG Scorecard may vary across funds. To the extent a potential transaction is viewed by the fund management and asset management teams, or by the IC, as presenting an unacceptable level of ESG risk, the transaction may not proceed.

## Sustainability Committee

The Group Sustainability Committee ("Sustainability Committee"), chaired by the Joint-Deputy CEO, CIO and Head of Sustainability, is comprised of 10 individuals from across AlphaReal and TIME. Meeting quarterly, the committee coordinates sustainability initiatives across the Group, including the monitoring of climate risks and opportunities. It ensures alignment with best practices and monitors performance against sustainability frameworks. The Committee's role and membership were formalised through a Terms of Reference in October 2024. The overall objectives of the Committee are:

- A. to enable and enhance cross-firm collaboration on processes, capabilities, and solutions with regard to sustainability, including climate-related risks and opportunities.
- B. to provide a forum to drive the implementation of sustainability initiatives across the firm.
- C. to assess and review periodically the performance and progress of company-wide sustainability initiatives.
- D. to provide a forum for knowledge sharing and culture-building around sustainability.

Additional responsibilities formalised in 2024 include: initiation of sustainability-related projects; reviewing and advising on suitable sustainability objectives and criteria for funds with formal sustainability objectives; providing governance and oversight of sustainability-related reporting, including regulatory disclosures; and monitoring compliance with the Group's responsible investing policies, with annual reviews of performance against agreed targets.

The Sustainability Committee transitioned to quarterly meetings in late 2024. Key agenda items in 2024-2025 included the launch of sustainability labels under the FCA's Sustainability Disclosure Requirements ('SDR'), renewables Health, Safety, Environmental and Quality ('HSEQ') policy development, social infrastructure impact reporting, and the review of responsible investing policies.



**Ed Palmer**

CIO & 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**

Commercial Manager, 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)

Diagram 1 - Sustainability Committee Membership<sup>7</sup>

<sup>7</sup> Membership as at the end of the reporting period.

# Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short-medium and long term.

The Group manages several funds on behalf of investors. AlphaReal funds are available to institutions such as pension funds and insurers, while TIME funds are primarily available to advised retail investors.

Overall, the key asset classes that the Group invests on behalf of investors, and which are captured in this report, are:

- **Long Income:** including Commercial Ground Rents, Long Leases Real Estate, as well as Social Infrastructure Real Estate across health, housing and education.
- **Renewable Infrastructure:** UK onshore wind and ground mount solar.

The majority of the Group's investments are located in the UK, with a small portion of assets located in Western Europe.

Integration of climate-related risks and opportunities in terms of process, tools and data availability may vary, depending on the asset class. However, it is our overarching philosophy and commitment to integrate ESG factors into our investment process and to seek to identify, measure and manage climate risks – and where possible, opportunities – across our platforms and investments.

## Long Income

Sustainability considerations, including climate risk, are incorporated into our due diligence process at the time of acquisition. This process may identify potential future risks, which may also present an opportunity. For example, a fund may acquire an asset with an EPC rating that is not consistent with the Minimum Energy Efficiency Standards ('MEES'). Subject to negotiations with the tenant, this may provide an opportunity to upgrade the energy efficiency of such an asset to the point that it is consistent with MEES. Therefore, there may be opportunities to provide funding to enhance the climate resilience or energy efficiency of an asset. Fund management teams seek to engage with tenants in order to identify and cost such opportunities.

It is however important to note that in most of our real estate investments, the fund acts as a landlord under a fully repairing and insuring ('FRI') lease. Under an FRI lease, the landlord owns but does not operate the asset, with building maintenance – often capital expenditure decisions – resting with the tenant. This also reduces the ability to identify and execute climate-related opportunities once the acquisition has been completed. As such, prior to acquisition, climate-related risks are identified at an early stage, further assessed and developed through due diligence and modelled using Climate VaR as part of our monitoring process.



## Renewable Infrastructure

ESG considerations are incorporated into our investment process for renewable infrastructure, from acquisition and portfolio integration, to construction, operation and maintenance. We believe that integrating ESG factors helps us mitigate the challenges of climate change and, in doing so, adds resilience to our business.

The Group considers both the physical and transition risks of climate change in line with IFRS S2 guidance. The risks identified under both categories represent those that could reasonably be expected to impact the business in some way. Climate risks are defined using the original TCFD definitions.

Portfolio-specific decarbonisation strategies for high-intensity portfolios are being explored in the upcoming years. Any resulting roadmaps, potential capital considerations, and indicative milestones will be assessed for disclosure in future climate reporting, subject to further evaluation and feasibility.

Physical risk definition	Transition risk definition
<p><b>Acute</b> These risks are caused by event-driven hazards, such as cyclones, hurricanes, floods, and heat or cold waves.</p> <p><b>Chronic</b> These risks are caused by longer-term shifts in climate patterns, such as rising sea levels, changing precipitation patterns, and sustained higher temperatures.</p>	<p>Transition risks are the impacts of switching to a lower-carbon economy, such as extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements.</p>

## Time horizons

Given the diverse range of investment strategies offered to meet our clients' needs, the following time horizons were considered in assessing the impact of climate risks and opportunities on our business operations. These time horizons are considered given the varying hold periods that apply to some of our assets and the need to recognise that certain climate risks will mature and impact at different rates, leading to the requirement for varied management approaches. Considering a range of time horizons is best practice.

- **Short Term:** 0 to 5 years
- **Medium Term:** 5 to 15 years
- **Long Term:** 15 years+

## Entity level risk assessment

The Group has identified and assessed its physical risks at both entity and fund levels. This assessment builds on a comprehensive climate risk analysis completed in the prior period and reviewed this year for material changes, in accordance with IFRS S2 requirements. At the entity level, this assessment has been based on the day-to-day operations of our business, considering our primary physical corporate location in London.

## Physical risks

### Hazard – Extreme heat

London is increasingly exposed to heatwaves and prolonged periods of extreme temperatures, particularly above 30°C, representing the primary physical climate risk to our corporate operations. While office locations show medium to high vulnerability, the overall risk is low due to our adaptive capacity. Flexibility in working from home, the option to relocate office space at lease points, and building and policy-level mitigation measures help reduce the likelihood of operational disruption, supporting the resilience of our operations to extreme heat events.

Horizon and likelihood – While heatwaves occur at present, under this assessment, the risk increases within the medium and long term under a 3°C REMIND scenario. This is rated as being highly likely to occur.

### Impact on the entity

- Overheating of buildings leading to increased cooling demand and costs
- Increased risks to the health of building occupants and users
- Potential impact on the productivity of staff during hot periods

## Transition risks

Assessments of entity-level transition risks reviewed the Group's policies and strategy and evaluated the potential exposures associated with the business's corporate locations. While some transition risks show a medium to high likelihood of occurrence, the impact on the entity is generally low due to various mitigants. The primary exception is data capture, coverage and quality, which presents a medium to high impact due to increasing regulatory compliance requirements and the complexity of data collection processes.

The table below outlines the transition sub-risks, the potential horizon for the risk to manifest, as well as the likelihood of it occurring. Risks are assessed at both the entity and fund levels, though their impacts may differ. Some risks, such as data collection, affect both levels but in different ways; for instance, data collection at the fund level can have a higher impact due to the need for tenant engagement and cooperation, whereas at the entity level, the process is less complex, resulting in a lower potential impact.

Transition risk	Horizon and likelihood	Impact on entity
<b>Policy</b>		
<p><b>Increased pricing of GHG emissions</b></p>	<p>Medium term Medium likelihood (under a 3°C scenario)</p>	<p>Trend data<sup>8</sup> shows that carbon prices fluctuate within the regulated markets and increasing prices can be observed in the UK<sup>9</sup>. Carbon taxation is still on the horizon, with a range of carbon prices within the UK local authority structure that can be levied on developments for offset funds. As we get closer to 2030, and associated interim targets, there may be increased demand for offsets, increasing the price further. Therefore, close monitoring of carbon markets is required.</p> <p>The impact for the Group is low as the entity has familiarity with carbon offsets and procurement from its corporate carbon footprint process and seeks to improve procurement practices year-on-year to align with evolving best practices.</p>
<p><b>Enhanced emissions-reporting obligations</b></p>	<p>Short to medium term High likelihood (under a 3°C scenario)</p>	<p>Since the COVID-19 pandemic, there has been an increase in climate and environmental reporting with growing alignment across different requirements and geographies. Nonetheless, the multitude of different reporting frameworks will increase the reporting burden in the medium term.</p> <p>Given the risk could manifest over the short to medium term, the Group will have time to build capability across its management and governance tiers. However, should those risks manifest earlier, the Group will need to bring forward capacity building. For these reasons, the impact is low.</p>
<p><b>Mandates on and regulation of existing products and services</b></p>	<p>Short to Medium term Medium likelihood (under a 3°C scenario)</p>	<p>Product labelling and energy efficiency regulations are established and will be subject to change over the next five to ten years. However, there may be some plateauing due to political changes within the UK and the EU. The impact on the entity is low, given that renewable energy funds invest in clean energy infrastructure that aligns with regulatory decarbonisation objectives, making them less susceptible to regulations targeting high-carbon conventional assets. FRI leases are unlikely to be materially impacted by labelling or new mandates, as these lease structures allocate operational responsibility to tenants, meaning compliance with building performance standards, energy efficiency requirements, and labelling obligations is the tenant's responsibility.</p>

<sup>8</sup> The UK ETS carbon price has continued to decline, falling from around £100/tonne in February 2023 to £32.57/tonne on January 16, 2025 - down 11% from the same date the previous year. This represents a significant drop from the £93/tonne recorded in May 2022. <https://www.statista.com/statistics/1322275/carbon-prices-united-kingdom-emission-trading-scheme/>

<sup>9</sup> The Woodland Carbon Code (UK) shows that prices are increasing. Woodland Carbon Code Unit Prices - Volume and Value 2024, <https://www.iucn-uk-peatlandprogramme.org/peatland-code/uk-carbon-price-index>

Transition risk	Horizon and likelihood	Impact on entity
<b>Exposure to litigation</b>	Short to medium term Low to medium likelihood (all scenarios)	Increased risk of litigation as the economy transitions with a greater focus on anti-greenwashing. There is an increased risk likelihood considering the UK's SDR and labelling regime. The Group has an appropriate governance structure to address compliance and reporting; therefore, the impact is classified as low.
<b>Technology</b>		
<b>Substitution of existing products and services with lower emissions options</b>	Long term High likelihood (under a 3°C scenario)	The risk to the entity here is low. This is because of the Group's approach to responsible investment, which is clearly set out in appropriate policies. The risk is also low because the business already includes, as an area of focus, lower-emissions investments (renewable energy investments), which position the Group as part of the clean energy transition rather than legacy high-carbon activities that face substitution risk. This aligns with the direction of regulatory change, providing the lower-emission alternatives that others may need to adopt.
<b>Unsuccessful investment in new technologies</b>	Short, medium and long term Low likelihood (all scenarios)	The impact on the Group will be low. The existing technology to decarbonise corporate operations (energy efficiency, transport) already presents options that will lead to decarbonisation. Furthermore, given the entity's location, untested or experimental technologies are highly unlikely to be used.
<b>Costs to transition to lower emissions technology</b>	Medium to long term Medium likelihood (under 3°C scenario)	The impact of decarbonising the Group's direct operations will be low. However, exposure to emissions is mainly within Scope 3, which corresponds to emissions from the corporate supply chain and fund-level emissions. Over time, we aim to improve our coverage of Scope 3 emissions. In the case of investments, exposure to the direct cost of transition is low due to the nature of our FRI leases and renewable energy strategy.
<b>Data capture, coverage and quality</b>	Medium term Medium to high likelihood (all scenarios)	<p>Increased data accuracy is needed to meet regulations. The Group is continually looking at ways to improve data collection, which includes data capture, accuracy and coverage as part of the effort to improve data-driven decision-making.</p> <p>The impact on the Group is medium to high because good data and coverage can influence decisions and drive the right strategy, while poor data can lead to potential issues with compliance or delayed decision-making.</p>

Transition risk	Horizon and likelihood	Impact on entity
<b>Markets</b>		
<b>Changing stakeholder behaviour</b>	Long term Low Likelihood (under a 3°C scenario)	This impact is low. On the assumption that changing stakeholder sentiment/behaviour is in favour of more responsible investments, the entity has a responsible investment strategy and a portfolio of renewable energy assets, which is part of the climate transition.
<b>Uncertainty in market signals</b>	Long term Medium likelihood (under a 3°C Scenario)	While businesses are exposed to short-term economic and policy uncertainties, the Group remains confident in its long-term strategy. Despite changes in policy pacing, the UK's overarching long-term climate and sustainability goals continue to provide a framework, and the overall impact is considered low.
<b>Increased cost of raw materials</b>	Short to medium term Medium likelihood (all scenarios)	Recently, supply chain costs and raw material prices have increased due to geopolitical and market factors. The impact on both the direct business and fund level is considered low, as procurement practices have been updated over time to account for these higher costs and volatility, and the entity has some, but limited, direct exposure to construction risk in renewable assets.
<b>Wholesale power prices</b>	Short, medium and long term Low to medium likelihood (all scenarios)	Longer-term power prices are harder to predict due to uncertainty over the impact of the transition to net zero on costs. However, due to our monitoring of power prices, the overall impact is low. Furthermore, recent increases in prices have been primarily driven by non-climate, geopolitical events.
<b>Reputation</b>		
<b>Mandatory ESG reporting regulations</b>	Short, medium and long term Medium to high likelihood (all scenarios)	Mandatory reporting regulations are already in place, requiring resources for staff time and verification of claims. The Group has experience reporting to both mandatory and voluntary bodies and is therefore well-positioned to manage reporting obligations. As a result, the overall impact is assessed as low.
<b>Climate and ESG claims and reporting</b>	Short, medium and long term Low to medium impact (all scenarios)	This is classed as low impact due to the governance structures the Group has in place. 'Greenwashing' – the process of making false or misleading environmental claims to mislead stakeholders – is managed through the Group's approach to governance and anti-greenwashing training. In particular, the role of the Sustainability Committee is central to this. Furthermore, the management of other transition risks helps to enhance reputation.

# Funds

## Summary

Using both MSCI Real Estate climate data and independent assessment, the Group's relevant funds were assessed to identify relevant risks. Carbon Risk Real Estate Monitor ('CRREM') pathways analysis for individual assets sits within the MSCI platform, contributing to the overall risk scoring at the asset level. While each fund has undergone risk assessment of both its transition and physical risks, the following section outlines those risks deemed material.

## Key Findings:

### Real estate risk profile

Risk type	Overall assessment	Material risks & key drivers
<b>Physical risks</b>	Low to medium/low	The primary hazard is pluvial flooding (surface water), identified as the most consistent risk across the portfolio following MSCI's methodological updates.
<b>Transition risks</b>	Medium to medium-high	Transition risk range reflects effective mitigation of most exposures, with material risks requiring strategic attention. Key drivers include data collection challenges (tenant engagement complexity under FRI structures), regulatory mandates (MEES compliance with EPC C/B deadlines), and market uncertainty.

### Renewable infrastructure risk profile

Risk type	Overall assessment	Material risks & key drivers
<b>Physical risks</b>	Low	Risks are mitigated through mandatory design resilience requirements set by planning regulations and effective risk management protocols.
<b>Transition risks</b>	Medium	Long-term challenges are presented by market uncertainty affecting investment decisions and asset valuation.

# Fund climate risk assessment methodology enhancement

## Real estate portfolios

The Group's climate risk assessment continues to utilize MSCI's Climate VaR platform, featuring a key methodological enhancement. While MSCI Climate VaR was used directionally in the previous reporting cycle, the approach for the current report is now fully quantitative.

Assessment cycle	Approach	Detail and application
<b>2023-2024</b>	Directional and qualitative	MSCI Climate VaR data provided initial input, which was then supplemented with consultant vulnerability/adaptive capacity analysis, yielding categorical (e.g., Low, Medium) risk impact characterisations.
<b>2024-2025</b>	Direct and quantitative	Employs a direct MSCI Climate VaR quantitative assessment, providing a percentage-based value-at-risk (VaR) under 1.5°C, 2°C, and 3°C scenarios.
<b>Benefits</b>	Clarity and alignment	This shift provides greater precision, enhances comparability across funds, eliminates subjective interpretation layers, and improves alignment with reporting requirements such as IFRS S2.
<b>Comparability</b>	Trend correlation	While direct numerical comparison between the categorical 2023–2024 results and the quantitative 2024–2025 results is not possible, a strong trend correlation is observed - portfolios previously identified as higher risk impact show higher Climate VaR.

## Renewable Infrastructure

The Group is currently developing an internal flood risk assessment methodology, leveraging publicly available government databases. This initiative is being driven through close collaboration between the Sustainability and Renewables teams, enabling the identification of sites potentially exposed to flood risk. Over the short term, the focus will shift toward enhancing this methodology to quantify the financial impact of flood events. The ultimate objective is to produce an appropriate quantitative metric for this asset class, transitioning from the current reliance on qualitative assessments to a more data-driven, quantitative framework.

# Physical risks

## Pluvial Flooding (Primary Physical Risk)

- **Horizon:** Short to long term
- **Likelihood:** Medium/high to high
- **Scenario:** All scenarios
- **Impact:** Low to medium/low

### Impact on real estate

Pluvial flooding (surface water flooding from heavy rainfall overwhelming drainage systems) represents the most consistent physical risk across our real estate portfolios. Climate VaR analysis identifies this as the primary recurring physical hazard.

Potential impact of pluvial flooding on real estate over the medium-term horizon can include:

- Disruption to assets through surface water accumulation due to overwhelmed urban drainage infrastructure during intense precipitation events
- Shorter return periods between rainfall events, leaving less time to recover

Extreme rainfall events are becoming more common globally. The number of days of very high precipitation (>50mm) is predicted to remain stable until around the 2050s, but increases towards the end of the century. For real estate assets, surface water flooding due to high rainfall presents a hard-to-predict occurrence, while pluvial flooding – where rainfall saturates the ground and overwhelms sewer systems – can cause wider events.

The nature of our FRI leases means flood risk management and insurance obligations fall to tenants. The Group conducts flood risk screening during acquisition due diligence. Overall portfolio impact remains low to medium/low given existing risk transfer mechanisms and proactive due diligence processes.

### Impact on renewable infrastructure

The overall impact is low to medium/low. While some UK onshore wind assets may experience localised flooding, the impact on their operation is considered minimal. Solar assets, however, may need to be inspected more regularly as heavy, intense rainfall events can cause damage to solar modules and localised flooding may restrict access to panels or damage ancillary equipment. This may require site isolation and drainage works to allow re-energisation.

## Coastal Flooding

- **Horizon** – Medium to long term
- **Likelihood** – Low to medium (changed from 2024 “medium to medium/high”)
- **Scenario** – Relevant to 2°C and 3°C scenarios
- **Impact** - Low

### Impact on real estate

Over the medium to long term, the potential impact of coastal flooding will be:

- Potential increased displacement and disruption of users and occupiers
- Increased difficulty in securing insurance, affecting both assets acquired by the Group and insurance renewals by tenants.

The nature of our FRI leases means that many of the obligations regarding flood risks would be the responsibility of the tenant. The Group has processes in place, including flood risk screening and, if needed, enhanced flood risk assessment at the acquisition phase to mitigate this risk.

MSCI’s adoption of the Fathom flood risk model late in 2024 has enhanced the accuracy of coastal flooding risk assessment. The enhanced methodology incorporates more sophisticated modelling of flood protection infrastructure, resulting in reduced flood risk scores across the portfolio. Following a retrospective recalculation using the new methodology, physical risk assessments for the reporting period 2023-2024 indicate minimal impact across all funds. This improvement in assessment precision, combined with the medium-to-long-term horizon for coastal flooding materialisation, results in a low to medium likelihood rating, reduced from medium to medium/high in the previous reporting period. In addition, risks of coastal flooding are not expected to be seen until the medium to long term, providing a long lead-in period to build resilience. Therefore, the overall impact on a fund level is low.

### Impact on renewable infrastructure

Renewable infrastructure, due to the demands from planning regulations, has resilience built into its development and management. Coastal flooding is therefore rated as having a low impact on renewable infrastructure.

## Extreme Heat/Increased temperatures

- **Horizon** – Medium to long term
- **Likelihood** – Medium/high to high
- **Scenario** – All scenarios
- **Impact** – Low

### Impact on real estate

- Overheating of buildings leading to increased cooling demand and costs to tenants
- Increased risks to the health of building occupants and users
- Changes to standards of buildings, for example, through building regulations
- Changes to modelling and design parameters

Extreme heat/increased temperatures may have an impact on users of real estate assets, particularly in the case of children aged 5 or less, which is particularly relevant for social assets (e.g. day nurseries). Periods of extreme heat already occur, and buildings will need to be adapted as summer heatwaves become more regular and extreme. However, when assessing all the Group's real estate funds, the overall risk is negligible, and the impact is low. This is supported by the fact that there has been no recorded material impact directly attributable to the Group. Tenants will manage heat risk and impacts on site and are encouraged to upgrade and adapt properties where feasible.

### Impact on renewable infrastructure

The direct impact of extreme heat on UK onshore solar and wind assets is likely to be low. In the case of solar assets, periods of heat above 35°C can impact performance, as these assets have an ideal operating range of between 15°C-35°C.<sup>10</sup> However, the incidence of prolonged periods above this temperature is not currently common and is not projected to be significantly material in the long term. The impacts of extreme heat on wind turbines are not yet fully understood, but it is expected that overheating may impact some components. Regular maintenance of wind infrastructure helps to mitigate this risk.

<sup>10</sup> World Economic Forum, why do not solar panels work as well in heatwaves, August 2022, <https://www.weforum.org/stories/2022/08/heatwaves-can-hamper-solar-panels/>

## Transition risks

An assessment of the transition risks to the Group was undertaken by a third party, in parallel with fund teams' participation in a materiality assessment to prioritise risks completed in 2024. The outputs of this assessment vary between real estate and renewable infrastructure, as set out in this section.

Transition risk	Horizon and likelihood	Impact on real estate	Impact on renewable infrastructure
<b>Policy</b>			
<b>Increased pricing of GHG emissions</b>	Medium to long-term Medium likelihood (1.5°C scenario)	This presents a low risk for several reasons. The development of carbon pricing remains slow and fragmented, with no single national carbon price that could be applied to real estate. At present, carbon pricing in real estate is applied mostly in the development phase, to which the Group has no exposure. At present, the Group only participates in carbon offset markets at the corporate level via Carbon Footprint. <sup>11</sup>	Assets outlined as contributing to the energy transition should not be impacted. However, the impact of gradual subsidy removal (or increase) would need to be factored in over time to establish the impact of increased pricing. Given the timescales (medium to long-term), this presents a low risk.
<b>Enhanced emissions-reporting obligations</b>	Medium term Medium likelihood (All scenarios)	Risk exposure to reporting obligations increases under a medium-term 1.5°C scenario. However, over the long term, this impact will likely decrease as emissions reporting by tenants becomes normalised. The Group proactively employs technological solutions for data collection, manages the reporting of emissions data and seeks to align with IFRS S2. Therefore, the impact will be low to medium/low.	In the case of renewable infrastructure, the Group already takes steps to monitor and report on metrics in an easy-to-understand way, for example by expressing renewable energy output in terms of homes powered and equivalent tonnes of CO2e emissions avoided. Care should always be taken over claims to avoid any risk of double-counting - specifically where both the Group and purchasers of Renewable Energy Certificates (RECs) or Power Purchase Agreement (PPA) counterparties claim the same environmental benefits from the renewable energy generation - or overstating benefits.  The impact is therefore low.

Transition risk	Horizon and likelihood	Impact on real estate	Impact on renewable infrastructure
<b>Mandates on and regulation of existing products and services</b>	Medium to long term Medium to medium/high likelihood (All scenarios) (Real estate)	Regulatory changes could significantly affect property change of use - for example, forcing tenants to change their business operations or requiring different building performance standards for the new commercial use. This can change the potential emissions profile and benchmarking, influencing decarbonisation strategy and costs. However, considering the minimum of a medium likelihood, the impact is medium.	The current regulatory environment in the UK is favourable to the expansion of renewable energy infrastructure, though evolving planning frameworks continue to shape development opportunities. The risk increases in stricter scenarios due to potential fundamental changes in land use regulations, where new mandates could prioritise reforestation over energy infrastructure, or impose increased requirements such as enhanced biodiversity net gain or sustainable drainage systems that increase project complexity and costs. While regulations may increase, there are clear policy signals. Therefore, the impact is low.
	Medium to long term Medium likelihood (Renewable Infrastructure)	In relation to both real estate and renewable funds, the introduction of sustainability disclosure requirements in the UK should expand the use of labelling of financial products and services. Although the UK government opted against a Green Taxonomy, the emphasis on transition plans and sustainability disclosures will still affect financial product classification.	
<b>Exposure to litigation</b>	All time horizons Low likelihood (1.5°C Scenario)	More stringent reporting can increase administrative burden and expose the company to risks if the data is inaccurate. Robust governance of potential greenwashing risks is required to ensure claims are clear, fair and not misleading. Climate litigation is an increasing risk across many sectors, with stakeholders challenging sustainability claims. However, because of the Group's sustainability and climate governance and internal training, this risk is mitigated and therefore seen as low.	
<b>Markets</b>			
<b>Changing stakeholder behaviour</b>	Short to medium term Low to medium likelihood (1.5°C Scenario)	Changing preferences may lead to reduced demand for non-sustainable buildings, affecting income, occupancy, overall value, and the company's strategic direction. In the case of commercial ground rents where the tenant is incentivised to buy back the asset at the end of the lease, risk is mitigated. For long-lease real estate, it may be easier to realise climate or net zero opportunities given the potential to achieve realistic payback periods. Furthermore, by understanding the outputs from CRREM analysis, the Group can also better help to understand which actions could be realised by tenants to upgrade assets. Therefore, the impact is low.	The deployment of new renewable infrastructure represents an opportunity for the Group as consumer preferences and consumer/commercial awareness of renewable energy's role in the net zero transition grow. Therefore, the impact is low.

Transition risk	Horizon and likelihood	Impact on real estate	Impact on renewable infrastructure
<b>Uncertainty in market signals</b>	Long term Medium to medium/ high likelihood (All scenarios)	Unclear market trends can lead to suboptimal investment decisions and difficulties in accurate asset valuation. It can affect overall entity strategy and governance through changing stakeholder demands or changing attitudes to risk, impacting decision-making, which may impact finance and insurance arrangements, where applicable. Because of this fluctuating risk, and shorter-term uncertainty, the impact of this risk could be medium.	
<b>Increased cost of raw materials</b>	Short to medium term Low to medium likelihood (All scenarios)	Rising material costs directly impact construction and renovation expenses, which could potentially squeeze profit margins. Costs of materials have fluctuated since the pandemic, leading to cost inflation for producers. However, the Group is not exposed to new development costs and refurbishment cost exposure would be the responsibility of the tenant. For these reasons, the potential impact of this risk is low.	Recently, supply chain costs and raw material prices have increased due to geopolitical and market factors. The impact on both the direct business and fund level is considered low, as procurement practices have been updated overtime to account for these higher costs and volatility, and the Group has some but limited direct exposure to construction risk in renewable assets.
<b>Wholesale power prices</b>	Short, medium and long term Low to medium likelihood (All scenarios)	The cost-of-living crisis can impact tenants, particularly due to increased energy costs. The climate transition to a renewable energy system may also pose a longer-term challenge, which may translate into higher energy bills. This may be a more material risk for smaller tenants, which, at an extreme, may impact their long-term viability. However, by effective tenant engagement, the Group can manage this risk effectively. Therefore, this is rated as low.	With the increase of renewable energy projects, power prices can decrease as renewable capacity expands and displaces higher-cost generation. To mitigate this risk, the Group uses power curves in valuation models, so price volatility is built into projections and maintains long-term Power Purchase Agreements (PPAs) for the majority of sites, providing revenue certainty. This is monitored closely and mitigated by our approach to risk management. Therefore, the risk is deemed as low.
<b>Assets becoming obsolete</b>	Medium to long term Low to medium likelihood (1.5°C scenario)	Asset stranding is a potential risk across all real estate portfolios and is mainly a function of their age, energy system and ability to adapt to changing technology. It is also a function of market demand, where tenants may want lower carbon buildings (operational and embodied) to meet their own net zero or climate objectives. However, net zero obligations are not yet mandatory (i.e. enacted through building performance standards for operational buildings), so demand is not consistent. The Group's approach to commercial ground rents and the opportunity for the tenant to buy back the property at the end of the period allows the Group to engage with the tenant about making relevant improvements to the asset. The impact on the Group is low.	The time horizons for renewable infrastructure are known, so planning for obsolescence and use change can be factored in. The Group is also well-versed in asset optimisation, having applied solutions at the portfolio level. For this reason, the impact is low.

Transition risk	Horizon and likelihood	Impact on real estate	Impact on renewable infrastructure
<b>Technology</b>			
<b>Rapid advancement in energy-efficient technologies</b>	Long term Medium likelihood (All scenarios)	This risk is scored as low impact because of the availability of existing technology and its application to real estate assets, particularly regarding energy efficiency. Experimental or new-to-market technologies would need to be underpinned by tenant behaviour and regulation.	In terms of renewable infrastructure, the advancement in solar panels, inverters and turbine technology is well understood. Similarly, the risk of obsolescence or retirement of renewable assets can be planned for. Thus, this risk has a low impact.
<b>Unsuccessful investment in new technologies</b>	All time horizons Low likelihood (All scenarios)	Fund strategy means that this has a low impact. Given the range of asset types within real estate, there are well-known options for the decarbonisation of buildings. This may include insulation, other fabric improvement, installation of new energy systems and small measures (such as lighting). Tenants must seek permission to make upgrades to assets so that this risk impact can be managed effectively at that stage.	This is a low impact as the deployment and operation of renewable assets are well understood.
<b>Costs to transition to lower emissions technology</b>	Medium to long term Medium likelihood (1.5°C Scenario)	Transition costs can be substantial, impacting profitability and requiring significant capital allocation. This can affect both capital and operational expenditures and may create challenges in financing changes to assets for tenants. As this is a tenant-borne risk, its impact on the fund is low.	The Group's renewable portfolio is well established with an investment strategy that does not expose the Group to the development risks (and hence its costs) of renewable projects. This risk impact is therefore low.
<b>Data capture, coverage and quality</b>	Medium term High likelihood (All scenarios)	As there is a potential for additions to or increases in the volume of energy efficiency regulation, the quality and quantity of data required for regulatory compliance are likely to increase. Medium to high impact.	Renewable infrastructure risks of data capture, coverage and quality are mitigated in light of the Group's control of the asset, and hence greater access to data, as equity owners. The impact is therefore low.

Transition risk	Horizon and likelihood	Impact on real estate	Impact on renewable infrastructure
Reputation			
<b>Stigmatisation of energy-inefficient buildings</b>	Long term Low likelihood (1.5° and 2°C scenarios)	Negative perceptions of energy-inefficient buildings can affect their market value and operational viability. This is not, however, material in the short to medium term and is mitigated by the nature of the lease (FRI), where responsibility ultimately falls to the tenant. The impact is therefore low.	Not applicable to renewable energy. However, continued investment within the asset class may be a reputational opportunity as it aligns with the Group's investment strategy. Therefore, the risk impact is low.
<b>Increased stakeholder concern about climate action</b>	Short, medium and long term Low likelihood (All scenarios)	Growing climate concerns can affect relationships with investors, customers, and regulators if not adequately addressed. The Group's approach to ESG integration, exclusionary policies and transparency in disclosures helps to mitigate this risk. The impact is therefore Low.	
<b>Shifting tenant preferences for green-certified spaces</b>	Medium and long term Medium likelihood (All scenarios)	Tenant demand for certification arises due to its relative ease and benefits for comparability. However, this is one factor within a tenant's decision and perceptions and preferences may change in the medium term. However, this is of limited relevance to the Group's investments given the origination process, which allows assessment of certification preferences at the time of investment. Moreover, the nature of the leases (FRI) limits the Group's direct exposure to changing certification demands. The impact is therefore low.	Not applicable to renewable energy assets, although demand for investments within the asset class can be seen as an opportunity.

## Opportunity assessment

As part of the IFRS guidelines, entities must now undertake an opportunity assessment. The opportunities from both a physical and a transition perspective are outlined below. Not all opportunities will be realised, but their identification allows the Group to adjust its strategy and pursue relevant opportunities as appropriate.

Hazard	Opportunity
Physical	
Increasing temperatures	In the case of real estate, increasing background temperatures (i.e. chronic changes in climate) are leading to milder winters, which result in a fall in demand for heating. This may offset increased cooling demands for the entity and tenants in future. In terms of renewable energy assets, the performance of panels within an optimum range may be prolonged as year-round seasons become milder.
Precipitation	With the identified risk of surface water flooding, there are opportunities for enhancements to assets most at risk. Tenants may have the opportunity to enhance an asset while providing multiple relevant co-benefits for users and the general environment. For example, Sustainable Urban Drainage can benefit flood management and deliver benefits in terms of biodiversity and the provision of amenity space.
Transition	
Policy	<p>Anticipating and assessing policy developments enables the Group to align its products and services with an evolving regulatory landscape. In addition to our existing experience in managing corporate and portfolio emissions and participation in voluntary disclosures, the Group maintains active membership in key industry bodies — including INREV and AREF (Real Estate), as well as Solar Energy UK and RenewableUK (Renewables). These memberships provide valuable insight into emerging policy trends, enable participation in consultations, and support proactive adaptation to regulatory change. This approach reduces exposure to policy, litigation, and reputational risks while strengthening the Group's overall strategy.</p> <p>For Renewables specifically, recent policy developments create significant investment opportunities, such as the UK Electricity Market Arrangements Review (through the rejection of the zonal pricing proposal, avoiding regulatory uncertainty), the Clean Power 2030 Action Plan (with regional and technological target visibility) and the TMO4+ Grid Reform (addressing bottlenecks in renewable energy deployment).</p>
Market	<ul style="list-style-type: none"> <li>• The integration of ESG, including climate, factors across the lifecycle of our assets, combined with tenant engagement, lays the foundation of our sustainability approach, which can support attracting investor capital.</li> <li>• Sustainability topics, including climate risks and energy efficiency, provide opportunities for tenant engagement.</li> <li>• Our renewable infrastructure funds present an opportunity to contribute to the UK's energy transition. This also aligns with our approach to responsible investment and sends a market signal that the Group is investing in decarbonisation assets.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• As CRREM analysis becomes more widespread, allowing a greater understanding of potential net zero or low carbon interventions, analysis outputs can be used to engage with tenants around the possibilities of energy efficiency and decarbonisation.</li> <li>• The renewable infrastructure portfolio could allow for the opportunity to facilitate carbon offsetting.</li> </ul>
Reputation	The Group's entity strategy, sustainability strategy, approach to responsible investment, leadership and integration of ESG are clear and transparent. This will have a reputational benefit as the economy shifts to a low-carbon economy.

## Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

The Group aims to proactively identify, measure and manage climate-related risk factors to support attractive risk-adjusted returns and preserve long-term asset value. We believe integrating ESG factors within our investment process enhances risk management and, in some cases, helps to identify new opportunities, as described in the section 'Opportunities Assessment'. This integration of ESG considerations is consistent with the long-term nature of our assets and underpins the resilience and value preservation of the portfolio over time.

We manage the impacts of identified climate-related risks and opportunities on our business through a risk matrix. By assessing all risks identified across a short-, medium- and long-term outlook and through different temperature increase scenarios as described in this report, we can understand the range of possible impacts from different climate scenarios and focus resources on the material issues impacting our business; as well as take advantage of the opportunities identified.

MSCI datasets allow us to understand the potential financial impact, in terms of Climate VaR, across each of our real estate funds, which can support monitoring of climate risk exposure at the portfolio and asset level with fund and asset management teams, and/or tenant groups, as appropriate.

A consolidated firm view of material climate risks is held by the EMC annually and the minutes are made available to the Board. This means a holistic view across all funds can be gained and actions determined for managing risks deemed material. The EMC reviewed the Group's climate data collection methodology in December 2024, identifying key improvements, including processes for enhancing data accuracy and data comparability. This review supports the Group's ability to assess and quantify climate-related risks and opportunities more effectively, informing strategic planning and asset management decisions.

During the acquisition process, and in addition to due diligence findings, we utilise MSCI datasets to gain a better understanding of the climate risks that the asset could be exposed to in the long term (up to 2100). Risks and mitigation actions (where appropriate) are discussed at the IC and documented in IC papers. The IC must be comfortable that any climate-related risks can be reasonably mitigated for a transaction to proceed.

During ownership of an asset, we engage with our tenants to better understand how these risks are evolving, for example, by collecting tenant data, reviewing EPC performance and, through the MSCI CvaR tool, conducting CRREM analysis. The Group's climate data collection remained strong in 2024 and 2025, achieving over 60% energy data coverage across portfolios, exceeding target thresholds. Key improvements identified and implemented in 2025 included early data checks to identify data outliers with the support of external consultants and through engagement with property managers and/or tenants, as required.

At the entity level, we anticipate that the impact of climate-related risks on the Group will be limited, with opportunities focused primarily on the Group's ability to grow the renewables investment business and to positively influence tenant entities for its real estate portfolios.

The Group operates as a 'boutique' asset manager offering a focused set of fund management products, primarily from its head office located in central London. The Group's operational carbon footprint has been assessed with measures implemented to reduce carbon footprint, such as ensuring electricity is sourced from 100% renewable sources and recycling waste. While we are committed to monitoring corporate emissions and looking at ways to reduce them, as a growing business, a certain number of emissions will be required for 'business as usual'. As such, the firm implemented a more rigorous process to monitor carbon credits purchased at the corporate level, and to ensure alignment with best practices in its procurement process (e.g., ICVCM Core Carbon Principles).

The main impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning is the extent to which fund assets are deemed to be climate-resilient. As noted earlier, at the fund level, Climate VaR is used to better understand the climate risks that a property may be exposed to over the longer term, and renewable infrastructure assets are assessed at due diligence with respect to exposure to physical risks, particularly flood risks. To the extent estimates are material, the Group will assess whether there may be a risk of additional costs to be borne in future, as well as an opportunity to improve the climate resilience of an asset.

## Risk materiality

The risk identification, assessment and management undertaken in 2024 included a materiality assessment of transition risks, which remains valid for this reporting period.

The materiality assessment referenced here specifically summarises stakeholder perspectives on transition risks, captured through workshops and surveys conducted with fund teams. Stakeholders' perspectives formed part of the integrated risk assessment framework, helping us to identify risks which could be considered material.

The EMC's review in December 2024 also highlighted further potential transition risks that inform ongoing materiality assessment, concerning key data collection challenges such as limited time series for comparisons, comparability issues relating to changes in data collection methodology, and the need for improved outlier detection processes.

### Real estate

Within real estate, the most material risk was seen to be policy. The potential requirement for enhanced reporting was seen as material. This was followed by an increasing concern over the pricing of carbon emissions in future.

### Renewable infrastructure

Reputational and policy risks were ranked as the most material because of regulatory requirements. Non-compliance with regulation is seen as having a potential impact on the reputational risk of the fund. Within this, the potential for and trend towards enhanced reporting was seen as the main policy exposure risk for infrastructure funds. When assessing reputational risks, it was felt that the risk of greenwashing could impact the fund if realised.

## Implications

The materiality assessment summarised highlighted the issues most important to key internal stakeholders (fund managers) and can help the Group prioritise and align appropriate actions. Within the funds, we note the prevalence of policy and reputational risks, which are interlinked. To mitigate such risks, the Group strengthened its engagement approach in 2024–2025.

In the case of Renewables, the Group implemented formal HSEQ policies for its operations, providing a structured framework to safeguard investments and guide responsible business practices. In the case of Real Estate, tenant engagement (strengthened through tenant fit-out guides and enhanced due diligence at the transaction level) will support compliance with emerging regulations, reducing policy risk.

At the corporate level, the Group developed ESG questionnaires for key business suppliers, which enhance transparency and traceability in the supply chain. In parallel, mandatory training has been implemented on topics such as anti-greenwashing, and the Group engaged with offset credit providers and other third parties to follow best practices in carbon offsetting and GHG accounting.

Finally, the successful alignment with a sustainability label under the SDR regime, for its social funds<sup>12</sup>, also demonstrates the Group's capacity to meet evolving regulatory requirements.

Together, these measures help to reduce reputational and policy risk. Going forward, our focus remains on increasing our adaptive capacity and overall resilience.

## Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario.

The Group's resilience strategy is built on adaptive capacity - the ability to respond effectively to both physical and transition climate risks. This adaptive capacity was strengthened in 2024-2025 through enhanced governance structures, improved data methodologies, and expanded stakeholder engagement. Our enhanced adaptive capacity operates across three core areas:

### Governance and leadership foundation

Strong leadership on sustainability issues and clear governance ensure climate considerations are integrated across all levels, including senior management, and at the earliest opportunities. This is evidenced through the application of an ESG acquisition framework and ongoing asset management monitoring processes of material sustainability practices. The formalisation of the Sustainability Committee's Terms of Reference and the EMC's active climate oversight demonstrates a strengthened governance architecture with clear responsibilities for climate-related risk identification and assessment.

### Strong data collection

Enhanced data collection coverage and quality can strengthen risk assessment capabilities. During the period, the Group achieved over 60% energy coverage across real estate funds, coupled with an improved outlier detection and validation process, in line with discussions by the EMC in 2024. In the case of Renewable Infrastructure, the team is developing an internal methodology to assess portfolio exposure to flood risks, with plans to quantify the financial impact if appropriate.

### Strategic and operational resilience

The Group's policy framework continued to be improved in 2024-2025, and includes the Group-level Exclusion Policy, implemented in 2024, and the Responsible Investing Policy, reviewed in 2024 and refreshed in 2025. These policies provide clear direction for entity and fund operations and reduce reputational risk exposure through transparent standards for investment decisions, while demonstrating the Group's commitment to responsible investments. Strategic resilience is also supported by the Group's stakeholder engagement approach, which allows insight into changes in market sentiment and tenant behaviour. This was enhanced during the reporting period through improved engagement strategies. The latter included the introduction of tenant fit-out guides, ESG due diligence questionnaires for real estate and renewables transaction counterparties, key supplier ESG assessments, and direct engagement service providers and industry standards bodies.

# Risk management

Describe the organisation's processes for identifying and assessing climate-related risks.

The Group has a comprehensive methodology for identifying and assessing climate-related risks through enhanced tools and processes, which were strengthened during 2024-2025.

## Enhanced climate risk assessment tools

- 1. MSCI climate VaR data** – this tool remains key to understanding our climate risk exposure, with the platform providing detailed physical and transition risk analysis organised at the asset and fund level. The MSCI platform holds climate data on the following funds: Index Linked Income Fund (ILIF), Social Impact Fund (SIF), European Long Income Fund (ELIF), TIME: Social Impact Property Fund (SIPF), TIME: Property Income PAIF (PiP), TIME: Property Long Income & Growth (PLIG)<sup>13</sup>. In addition, the Group has assessed Climate VaR for the relevant segregated mandates. December 2024 MSCI analysis revealed pluvial flooding (surface water flooding) as the most consistent physical risk across portfolios, with coastal flooding presenting the highest individual risk impact, but limited to one portfolio. Overall physical climate risks remain low, classified by MSCI as negligible to moderate risk. Transition risks are higher, primarily driven by carbon intensity relative to national decarbonisation targets and associated policy and regulatory changes.
- 2. Renewables flood risk methodology** - We are developing an internal flood risk methodology based on open-source government databases. Currently, this has been used to map flood risks across one of our renewables portfolios. We plan to develop this methodology further to aid us in understanding the respective potential financial impact at portfolio level.

## Improved data collection and analysis

- 1. Data collection** – Energy consumption data collection has remained strong, achieving over 60% energy data coverage across portfolios, exceeding our target thresholds. The December 2024 EMC review identified key improvements for 2025 to address comparability challenges between traditional and technology-enabled data collection. Improvements discussed and implemented in 2025 included early outlier detection through external consultant data checks and engagement with property managers and/or tenants for improved data accuracy.
- 2. Analysis of energy efficiency data** – We continue tracking EPCs across real estate funds, ensuring non-exempt properties reach a minimum C rating by 2027, with comprehensive EPC strategies now implemented across all major funds.

<sup>13</sup> As a hybrid fund, this assessment refers to the direct property investments in the portfolio.

## Enhanced risk assessment framework

- 1. Transition risk materiality survey** – A materiality survey was distributed amongst key stakeholders within the organisation during the previous reporting period. The materiality survey focused on transition risks (policy, technology, markets and reputation) and asked participants to rank these in order of most to least material. Respondents were then asked to rank a subset of categories within each transition risk to further understand how transition risks are prioritised. This ranking and rationale were further expanded upon within a series of internal workshops. Under new IFRS S2 guidance, entities must disclose material climate-related risks annually; however, the detailed assessment methodology does not require annual repetition provided there are no material changes in circumstances and ongoing monitoring processes are in place to identify emerging risks. As such, the original assessment continued to inform our identification of material climate-related risks. The findings from this assessment are detailed in the 'Risk Materiality' section and are also reflected in the 'Opportunities' section of this report, both of which remain relevant to date.
- 2. Risk and vulnerability assessments** – Risk and vulnerability assessments were carried out at both an entity and fund level for transition and physical risks during the previous reporting period. The assessments looked at both sensitivity to climate risk (how much the entity or a fund and asset would be impacted by a climate hazard) and the adaptive capacity (the ability of the entity or fund and assets to adapt to changes in physical or transition risks). This assessment allows us to outline specific entity and fund risks through a scoring range (low, moderate/low, moderate, moderate/high, high), to prioritise further assessment and enable risk mitigation. Key outcomes of the assessment are outlined further in the physical and transition risk sections. During the current reporting period (2024-2025), we conducted a review of the assessments and found the risk profile to be largely consistent with the previous year's findings. Physical risks remain stable across all categories with no material changes in impact levels or timeframes. Transition risks similarly show no material changes from the previous assessment. As highlighted for the Transition Risk Materiality Surveys, the detailed assessment methodology does not require annual repetition, provided ongoing monitoring processes identify any material changes.
- 3. ESG due diligence** - ESG due diligence continues as part of our assessment process, now supported by enhanced ESG scorecards. These were updated during the reporting period for both renewables and real estate investment strategies. Both scorecards were developed in collaboration with the relevant investment teams, drawing on their understanding of evolving material climate-related risks. For the renewables portfolio, the approach was guided by leading industry materiality frameworks such as SASB and GRESB, while for the real estate portfolio, improvements were driven by market and investor priorities and emerging areas of focus identified through stakeholder engagement. In addition, a formal HSEQ policy for renewable infrastructure operations was developed in 2024.

## Climate scenarios

To assess the risks of climate change, we employ three climate scenarios:

- 1.5°C REMIND Net Zero: this is an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO<sub>2</sub> around 2050. Under this scenario, some jurisdictions such as the US, EU and Japan reach net zero for all greenhouse gases by this point.
- 2°C REMIND Below 2°C: the “Below 2°C” scenario gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- REMIND 3°C SSP 2 NDC: the “Nationally Determined Contributions (NDCs)” scenario assumes countries only implement their current climate pledges without additional policy strengthening. This pathway is consistent with approximately 3°C of warming by 2100, leading to higher physical climate risks.

These scenarios provide a comprehensive risk assessment across plausible future outcomes. The 1.5°C scenario aligns with the UK’s net zero by 2050 commitment and reflects high transition risk but lower physical risk. The 2°C scenario meets IFRS S2 requirements for assessing moderate warming pathways. The 3°C scenario enables evaluation of higher physical climate impacts if collective global climate action falls short. This range allows the Group to understand trade-offs between transition risks (higher in ambitious scenarios) and physical risks (higher in warmer scenarios), ensuring strategy resilience across multiple climate futures.

## Describe the organisation’s processes for managing climate-related risks.

Key processes for managing climate-related risks:

### Investment Committee

The IC assesses the ability to manage climate-related risks at the time of acquisition. This is done, in conjunction with an assessment of other ESG risks, through the integration of an ESG Scorecard within the papers considered by the committee. The IC will decide whether the risks identified can be mitigated, managed or accepted, or whether they present an unacceptable or unmanageable risk.

### Risk Committee

The RC will discuss and review climate-related risks to the extent they impact the business strategy of the Group. As such, the RC may need to take action to manage certain risks.

### Asset Management and Fund Management Teams

Once an acquisition has been completed, the ongoing management of the asset is conducted by the asset management team, working in partnership with the relevant fund manager(s). Among other things, the asset management team will monitor relevant data at the portfolio level (for example, the current EPC rating and proportion of leases with a green clause) as well as progress towards specific goals (such as achievement of an EPC C by 2027 for non-exempt or any other post-acquisition works agreed with the tenant). The Asset and Fund Management teams also support the sustainability team on tenant engagement initiatives, such as Tenant ESG Surveys and data collection support.

## Executive Management Committee

The EMC holds delegated authority from the Board to assess the Group's progress towards climate risk management and mitigation, escalating material climate risks to the Board if necessary. The EMC's December 2024 meeting demonstrated active oversight, reviewing data collection methodology, climate risk assessment results, and approving process improvements for 2025.

## Sustainability Committee

The Sustainability Committee, formalised with Terms of Reference in October 2024, meets now quarterly with structured oversight of sustainability initiatives. It includes the Sustainability team and representatives from across the business, working together to consistently review and enhance the firm's processes, capabilities and solutions with regard to sustainability, including climate-related risks and opportunities through the generation and execution of ideas. Ultimately, it allows for integration between the firm's dedicated sustainability resources and other areas of the business to identify solutions to sustainability challenges, including those related to climate.

## Transition Risk

Our transition risk assessment methodology is detailed in the Risk Management section, as well as in the 'Risk Materiality' section of this report. The 2024-2025 review of this assessment identified no material changes to the transition risk profile.

In summary, the Group recognises that transition risks present material impacts to its investment portfolios and require specific management. In particular, transitioning portfolios in line with UK climate legislation may impact strategy and planning. However, our focus on adaptive capacity should mitigate this.

The Group is focused on mitigating the climate-related risks presented by legislation and compliance changes, including those related to increased reporting requirements expected by key stakeholders and MEES regulations, scheduled for 2027 and 2030. Due to the long-term nature of our leases and the FRI lease structure governing many assets, the impact of MEES regulations is negligible for the majority of our leases. As such, the Group will be concentrating efforts on the remaining assets that are within the scope of such regulation changes, forming comprehensive EPC strategies for non-exempt assets.

Furthermore, and in line with our Materiality Survey (detailed above), we recognise that reputational and policy risks are priorities for management. As such, to improve our adaptive capacity, during the reporting period, we have enhanced data collection processes, in line with discussions held during the 2024 EMC. We have also strengthened ESG frameworks, particularly ESG Scorecards and supporting due diligence questionnaires, and improved tenant engagement protocols. Supporting these processes, robust governance structures help us mitigate against such risks.

## Transition plan development

The Group is developing a dedicated Transition Plan aligned with the UK Transition Plan Taskforce (TPT) Disclosure Framework and IFRS S2 requirements. This plan will set out our pathway to achieve net zero as a firm by 2050.

# Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

As outlined above, the Group has four key committees relevant to the assessment and/or management of climate risks, each with a particular focus. Together, these committees ensure that identifying, assessing and managing climate-related risks are integrated into our overall risk management.

The processes involved are as follows:

## Investment Committee

Climate-related risks are identified and assessed at an early stage in a potential transaction and may be linked to particular features of an asset, for example, proximity to watercourses or a lower EPC rating. As asset due diligence and Climate VaR analysis are performed, the ESG Scorecard is completed, and detailed commentary is provided by the relevant fund management teams. This analysis is recorded within the papers provided to IC, where the discussion and decision rationale are minuted.

## Asset Management and Fund Management Teams

Where climate-related risks are identified by the IC or by the fund management teams, there may be remedial actions required in order to mitigate them. The asset management team plays a key role in this risk management process, by closely monitoring that actions agreed with tenants are executed successfully and within agreed timeframes.

## Risk Committee

The RC's focus is on identifying, assessing and managing risks to the business strategy of the Group. To the extent that climate-related risks become material to the business strategy of the Group, they will be added to the agenda for RC meetings. However, to date, this has not occurred.

## Executive Management

## Committee

The EMC has overall responsibility for the oversight of climate-related risk management. Where risks are deemed to be sufficiently material to require escalation to the Board, the EMC takes responsibility for this, with EMC minutes made available to the Board following annual meetings. No material climate issues required escalation in 2024.



# Metrics & targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

## Corporate: Scope 1, 2 and 3 emissions

The Group completed its corporate emissions assessment for the third consecutive year, with the support of an external consultant, and maintained its carbon-neutral certification through verified projects, based on calendar year 2024 data. During the 2024-2025 period, key enhancement initiatives focused on stakeholder engagement through key supplier sustainability questionnaires and an enhanced carbon credit selection and monitoring process. We will continue to assess ways to reduce our environmental impact and apply a robust methodology to select appropriate carbon credits to offset emissions that cannot be reduced in the interim.

## Carbon offset quality assurance

In collaboration with a sustainability consultant, we have refined our assessment matrix to evaluate and select offsetting projects based on key criteria, including vintage, permanence, additionality, and accreditation status. This methodology helps mitigate reputational and transition risks by ensuring that offset purchases are credible, transparent, and aligned with evolving market standards. Specifically, we now assess whether credits meet the Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon Principles (CCPs)<sup>14</sup>. As a result, all offset projects selected in the current reporting year were either ICVCM-CCP approved or undergoing evaluation under the certification framework, which was introduced in mid-2024. We also conducted a retrospective review of previously purchased credits to assess their ongoing performance, confirming that they continue to deliver expected climate benefits.

## Portfolios: Scope 3 emissions

Scope 3 emissions are largely represented by the assets held by funds managed by the Group. We continue our efforts to gather as much actual data as possible. In the case of Long Income portfolios, we utilise proxy data provided by Climate VaR where actual data cannot be sourced. Given the nature of the long-term FRI leases governing a majority of the Group's fund assets, the funds (as landlords) have no direct authority to collect actual data and do not have control over the emissions generated by a particular asset. Instead, the funds seek to engage with tenants directly in order to reach an agreement for such data to be shared, where appropriate, to discuss potential climate-related opportunities, and to understand tenants' own plans with regard to achieving net zero. As for our Renewable Infrastructure investments, we have taken steps to understand and measure Scope 2 emissions. While Scope 1 emissions are not material, we recognise the relevance of Scope 3 emissions, particularly for greenfield sites, albeit these represent a minority of sites. This is an area where we will look to deepen our engagement with asset managers and other key stakeholders.

<sup>14</sup> The Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon Principles (CCPs) are a set of ten science-based criteria designed to ensure high-quality, verifiable climate impact. These principles cover governance, emissions impact, and sustainable development, and serve as a global benchmark for integrity in the voluntary carbon market.

## Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

This year, we have seen a continued improvement in our emissions performance, which reflects proactive management efforts and enhancements in data collection and accuracy. We remain focused on identifying opportunities to further reduce our emissions, while continuing to strengthen, where possible, the completeness and reliability of our Scope 3 data.

Scope	Emission type	2024 Emissions (tCO <sub>2</sub> e)
Scope 1	Corporate operations - fuel use	0.00
	<b>Total scope 1</b>	<b>0.00</b>
Scope 2	Corporate operations – location-based electricity use	26.46
	Corporate operations – market-based electricity use	0.00
	Import contracts – renewable infrastructure – location-based energy consumption	91.65
	Import contracts – renewable infrastructure – market-based energy consumption	17.99
	<b>Total scope 2 (location – based)</b>	<b>118.11</b>
	<b>Total scope 2 (market – based)<sup>15</sup></b>	<b>17.99</b>
Scope 3	Corporate business travel	104.03
	Group business operations	988.93
	Investments & downstream leased assets	29,088.46
	<b>Total scope 3</b>	<b>30,181.42</b>
<b>Total emissions (market – based)<sup>16</sup></b>		<b>30,199.41</b>

<sup>15</sup> Both location-based and market-based Scope 2 emissions are reported per GHG Protocol requirements. Market-based figures reflect the Group's renewable energy procurement and are used in total emissions calculations.

<sup>16</sup> The Group reports market-based emissions as the primary total to accurately reflect our renewable energy sourcing strategy. Location-based totals are provided for transparency and regulatory comparability where required.

## Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

### Target metric period plan for 2025-2026

Target	Metric	Status for 2025-2026	Plan for 2025-2026	Period
Portfolio Energy Performance Improvements	All required assets to achieve an EPC B rating or better	Comprehensive EPC strategies implemented across all major funds with detailed asset-by-asset improvement plans and cost assessments.	Monitor progress towards the target period.	2030
Increase energy data coverage across the Group's portfolios	Increase data coverage (%) year on year by floor area and to a minimum of 60% on a floor area basis	Applied technological solutions and enhanced engagement, leading to increased data coverage (>60% on a floor area basis)	Continue to build up data coverage year-on-year, meeting a minimum of 60% (on a floor area basis), with a focus on enhanced data comparability.	Annually, 2030
Maintain or reduce emissions by 2030 compared to a 2023 baseline	tCO2e per £M turnover	Enhanced data collection enables better year-on-year trend assessment. However, comparability remains challenging.  Due to the nature of FRI leases, tenant collaboration is key for the attainment of emissions reduction. Therefore, net zero questions have been introduced in due diligence and engagement surveys for key portfolios.	Continue to implement an enhanced data collection and validation process to improve comparability across time series, while seeking to improve our understanding of tenants' net zero strategies and goals. Combined, this understanding will enable a critical review of the target and its attainability in the context of our investments and operations.	2030
Report scope 1 and 2 emissions and seek to increasingly report scope 3 emissions	tCO2e	Scopes 1, 2 and 3 emissions are reported annually through our Climate Disclosures. We are continuously seeking to further improve the scope of reporting.	Evaluate the inclusion of renewable infrastructure and property lending for emissions disclosure, based on data availability and organisational capacity.	Over the next 2 years, and reviewed annually
Report emissions intensity metrics (Real Estate)	tCO2e/m2	We have reported intensity metrics as part of the GRESB benchmark assessment	Calculated internally with plans to include external reporting in future years.	Over the next 2 years, and reviewed annually

Target	Metric	Status for 2025-2026	Plan for 2025-2026	Period
Renewable energy generation and GHG emissions avoided	MWh and tCO2e	Our renewables team monitors and reports to investors the renewable energy generated and equivalent metrics, such as avoided emissions, annually.	Continue to report renewable energy metrics in a manner that is transparent, accurate and easy to understand.	Annually
Implement green clauses in new tenancy contracts where possible	All new leases to target green clauses	We have considered improvements to green clauses and engaged with tenants where appropriate to negotiate green clauses as part of new/renewed leases	A schedule of ground leases that contain the green lease clause is maintained. We will continue to update this and review the appropriateness of the current clause in light of evolving sustainability needs.	Annually

# Appendix

## Scope of disclosure

This climate disclosure covers the Group's climate-related risks and opportunities across its investment funds and corporate operations. The scope encompasses both climate risk assessment and greenhouse gas emissions reporting, with coverage varying by fund based on data availability, fund characteristics, and methodological considerations.

## Greenhouse gas (GHG) emissions statement

### Reporting period

Our GHG Emissions Statement is based primarily on the 2024 calendar year actual data collected in 2025. The only exception is investments in listed securities, for which data is collected mid-year (June 2025), covering the 12 months prior.

The reporting reference period for this disclosure is April 2024 to March 2025. However, the underlying data collection processes currently follow a calendar-year cycle for the majority of the underlying investments (exception noted above). Throughout this report, effort has been made to clearly distinguish between these timeframes. References to "2024–2025" relate to the overall reporting period, while references to "2024" or "2025" refer specifically to actions or data collected within those respective calendar years. The Group is actively reviewing options to align the reporting and data collection periods in the future, where feasible, to further enhance consistency and comparability.

## Methodology

### Our GHG statement has been produced with the support of different tools and external parties:

**Corporate:** For corporate emissions, we have worked with Carbon Footprint to assess our 2024 calendar year emissions, following a carbon appraisal and net zero status issued in 2022, 2023 and 2024 for the prior respective calendar year. The reporting was produced in accordance with the GHG protocol corporate standard. Data provided by the Group was calculated by Carbon Footprint using the appropriate conversion factors developed by the UK Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS) for the year of reporting. The firm's carbon footprint assessment is composed by the following GHG protocol emissions categories: On-site fuel use; On-site consumption of purchased electricity, Heat steam and cooling; Purchased goods and services and Capital goods (spend-based screening approach); fuel and energy-related activities not included in scopes 1 & 2; Upstream transportation and distribution (spend-based); Waste generated in operation; Business travel not included in scope 1 & 2 (spend-based); Employee commuting. Further information is available upon request.

**Investments & downstream leased assets:** We have worked with CBRE to gather actual data for direct real estate investments for the calendar year of 2024, following previous data collection in 2023 and 2022. This data collection process follows a dual approach characterised by direct requests to tenants or the use of technological solutions for energy data. Where actual energy data is available (including electricity, natural gas, fuel oil and renewable electricity off-site and on-site consumption), this was used by MSCI Real Estate Climate VaR to calculate appropriate associated emissions, in accordance with MSCI solution methodology. Where actual data is not available, MSCI's proxy data was used. MSCI proxies are specific to location and property type. Further information is available upon request.

In the case of TIME:Freehold (FI AF), reported emissions represent 98% of the portfolio value, of which over 60% corresponds to emissions calculated based on actual floor area data provided and accounting for an average economic interest. Absolute emissions were computed using MSCI's proxy data for the appropriate property type.

Our equity funds' emissions were assessed through LSEG, where 95% or more of the funds' holdings' emissions were available. Emissions data retrieved in June 2025, for the preparation of disclosures, and encompassed Scope 1, 2 and 3. Some holdings may provide only a subset of such Scope emissions.

## Specific exclusions:

- TIME:Aim was not assessed due to the fund size (c. 2.5% of the Group's AuM by 2025 March-end) and as further steps need to be taken to increase data accessibility due to the nature of the underlying investments. Similarly, TIME: CTC is out of scope but also represents about 1.9% of the Group's AuM, as of 2025 March-end.
- TIME:Advance has over £1 billion invested across a diverse range of sectors, including Solar and Wind Energy, Hydro, Property Lending, Operational Real Estate Finance, Self-Storage, and Commercial Forestry. Currently, emissions associated with TIME:Advance are not included in the Group's greenhouse gas (GHG) accounting disclosures. However, renewable assets within the service have been incorporated into the climate risk assessment conducted by an external consultant. Due to limited data availability across the majority of assets, and considering the product's diverse portfolio composition, the Group is exploring prioritisation and engagement strategies. These efforts aim to enable the future inclusion of TIME:Advance within the Group's emissions disclosures in future.
- GHG emissions associated with our Renewable Infrastructure investments across the Wind Renewables Income Fund (WRIF) were assessed with respect to Scope 2 emissions (those associated with import contracts/parasitic power)<sup>17</sup>, as Scope 1 emissions are not material. Scope 3 emissions are not yet assessed for the fund.
- Our property lending investments through Alpha Real Trust are not included in this report. We plan to develop our understanding of the appropriate GHG emissions accounting and will consider reporting for these underlying investments for future reports.
- Finally, emissions from assets managed under a segregated mandate are not reported by the Group, as the assets are owned by a third party rather than an AlphaReal or TIME fund, and as such, the emissions are reported by that third party.

<sup>17</sup> Note on methodology for calculation of Scope 2 emissions associated import contract/parasitic power for renewable infrastructure assets: For market-based emissions, we considered the total energy import consolidated for 2023 calendar year, subtracting the energy import sourced from renewable generators for the same period. UK 2023 electricity conversion factor was applied to obtain the associated emissions.

## Climate risk characterisation approach

**Risk categorisation process:** The methodology integrates quantitative Climate VaR thresholds with qualitative mitigation capability assessments to determine managed risk positions. Risk characterisation reflects the potential for effective mitigation strategy implementation rather than solely unmitigated exposure, enabling assessment based on both inherent vulnerability and realistic management intervention potential.

**Quantitative foundation:** MSCI Climate VaR percentage serves as the baseline risk measurement input

**MSCI climate VaR methodology:** MSCI Climate VaR employs forward-looking scenario analysis to quantify potential portfolio value impacts under adverse climate conditions. The methodology integrates physical and transition risk models across multiple climate pathways, calculating percentage value-at-risk. MSCI's assessment incorporates asset-level exposure data, regional climate projections, and sectoral vulnerability assessments to generate quantitative risk metrics.

**Integrated risk assessment framework:** Our risk characterisation methodology combines MSCI's quantitative outputs with additional qualitative assessment dimensions:

### **Adaptive capacity assessment:**

- Inventory of available planned actions and intervention strategies
- Assessment of operational capabilities for strategy implementation
- Analysis of structural flexibility within existing frameworks

### **Timeline evaluation:**

- Time horizons for risk materialisation versus mitigation deployment
- Regulatory and compliance timeline mapping
- Investment cycle alignment with intervention requirements

### **Control mechanism analysis:**

- Contractual risk transfer mechanisms and tenant obligation structures
- Operational control levels and direct intervention capacity
- Governance framework effectiveness for decision-making and implementation

### **Specific exclusions**

- Listed securities (TIIF and PLIG's investments into listed securities) - Included in emissions calculations but excluded from climate risk assessment
- FIAF - Not included in the current scope for climate risk assessment
- TIME:AIM and TIME:CTC – each represent only c. 2% of Group AuM, with data accessibility constraints
- TIME:Advance - Non-renewable assets (Property lending, self-storage, forestry, hydro, operational real estate finance, and data centres) are excluded due to data and scope limitations. Only renewable energy components (wind and solar) are included in the climate risk assessment
- Alpha Real Trust – Not included in the current scope.

This exclusion framework reflects data availability, scope limitations, and the need for asset-class-specific assessment methodologies while maintaining focus on the Group's core investment strategies where comprehensive climate risk evaluation is feasible.

## General assumptions

For the assessment of transition risks, where quantitative evidence and data may not be available, a range of assumptions is used to guide the assessment. These assumptions have been listed here.

Transition risk category	Factor	Assumed impacts and commentary
Market risks	Changing consumer preferences for sustainable buildings	The assumption is that this risk has no direct impact on the Group. No lease break and no refinancing risk
Market risks	Increased cost of raw materials	The assumption is that this will impact construction costs, renovation expenses, profit margins, supply chains, CapEx, OpEx and Resource availability but that there is no direct impact on the Group. Risk is only material in forward funding where direct financing may be required. There may be some impact in terms of payment of CGRs for development CapEx.
Market risks	Uncertainty in market signals	<p>The assumption is that uncertainty may impact investment decisions, asset valuation, strategic planning, strategy, governance, and insurance.</p> <p>Risks will impact regardless of lease structure. Uncertainty is reduced where regulation is in place. Certainty over what a low-carbon building is and how it should perform.</p> <p>Uncertainty may derive from changes in regulation. Regardless of pricing signals, there are clear requirements from an ESG point of view.</p>
Policy and legal risks	Carbon pricing mechanisms	The assumption is that carbon pricing risk will fall on tenants.
Policy and legal risks	Enhanced emissions-reporting obligations	<p>The assumption is that this will impact reporting costs, data accuracy, reputational risks, governance and risk management but that these are already managed by the Group.</p> <p>More stringent reporting can increase administrative burdens and expose the company to risks if data is inaccurate. ESG costs are treated as fund costs.</p>
Policy and legal risks	Exposure to litigation	<p>The assumption is that this could impact legal costs, reputation, investor confidence, governance, and strategy but that this is well managed within the Group.</p> <p>Assumed that this is a corporate-level risk.</p>

Transition risk category	Factor	Assumed impacts and commentary
Policy and legal risks	Mandates on and regulation of existing products and services	<p>The assumption is that this could impact asset lifecycle, renovation costs, market competitiveness, CapEx, OpEx and governance, but that this does impact the group</p> <p>New regulations may render some properties or services non-compliant, requiring significant updates. Nonetheless, the tenant is responsible for compliance.</p>
Reputational risks	Negative perceptions of energy-inefficient buildings	Negative perceptions of inefficient buildings. Capital valuations may be affected - but the main factor is market sentiment. The assumption is that the FRI structure provides insulation from this risk.
Reputational risks	Increased stakeholder concern about climate action	The assumption is that growing climate concerns may affect relationships with investors, customers, and regulators if not adequately addressed.
Reputational risks	Shifting tenant preferences for green-certified spaces	<p>Strong preferences for green spaces can reduce demand for non-certified properties, affecting key performance metrics.</p> <p>The assumption is that this falls to the operator of the asset.</p>
Technology risks	Rapid advancement in energy-efficient technologies	Fast-paced technological change can quickly render existing systems outdated, requiring costly upgrades. Assumed as tenant risk.
Technology risks	Unsuccessful investment in new technologies	Assumed as tenant risk. The assumption is that technology to decarbonise most assets already exists.
Technology risks	Costs to transition to lower emissions technology	The assumption is that transition costs can be substantial, impacting profitability and requiring significant capital allocation. Regulatory compliance can be met through tenant leases.

# Glossary

**Adaptive capacity** - The ability of an organisation or system to adjust to climate risks or opportunities to minimise damage or exploit beneficial changes.

**Carbon offsetting** - The process of compensating for greenhouse gas emissions by funding equivalent carbon dioxide savings elsewhere, such as reforestation projects or solar rollout schemes.

**Carbon neutral** - Achieving a balance between emitting and absorbing carbon emissions, often through offsetting.

**Climate change** - The long-term alteration of temperature, precipitation, wind patterns, and other elements of the Earth's climate system.

**Climate scenarios** - Descriptions or projections of possible future climate conditions based on varying assumptions about factors such as greenhouse gas emissions, land use, and socio-economic developments. Examples include scenarios developed by the IPCC, such as Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs).

**Climate VaR (Climate Value-at-Risk)** - A metric used to assess the financial impact of climate-related risks, including physical and transition risks, on assets or portfolios.

**CRREM (Carbon Risk Real Estate Monitor)** - A tool to analyse the potential stranding risk of real estate assets due to carbon emissions regulations and transition risks.

**Decarbonisation** - The process of reducing or eliminating carbon dioxide (CO<sub>2</sub>) emissions associated with human activities, particularly from energy production, transportation, and industrial processes.

**Embodied carbon** - Carbon emissions associated with the construction materials and processes used to create a building or infrastructure.

**EPC (Energy Performance Certificate)** - A certificate showing the energy efficiency of a building, with ratings from A (most efficient) to G (least efficient).

**ESG (Environmental, Social, and Governance)** - A framework used to evaluate an organisation's environmental impact, social responsibility, and governance practices in investment decisions.

**Green clauses** - Lease terms that promote sustainable practices, such as energy efficiency upgrades or renewable energy usage.

**Greenwashing** - Making misleading claims about the environmental benefits of a product, service, or organisational practice.

**Horizon** - A time frame over which a particular risk or opportunity is evaluated or managed. It can refer to short-term, medium-term, or long-term periods, depending on the context.

**IFRS (International Financial Reporting Standards)** - A global set of accounting standards. IFRS S2 focuses specifically on disclosing climate-related risks and opportunities.

**Impact** - The degree of harm, damage, or disruption caused by an event or risk materialising. Impact is often assessed in terms of its effect on objectives, resources, or systems.

**Likelihood** - The probability or chance of a risk or event occurring.

**Materiality assessment** - A process to determine which sustainability issues are most important to an organisation and its stakeholders.

**Negative pricing** - A phenomenon in energy markets where producers pay consumers to take electricity, often occurring during periods of high renewable energy generation and low demand.

**Net zero** - A state where the amount of greenhouse gases emitted is balanced by the amount removed from the atmosphere.

**Physical risks** - Risks arising from the physical impacts of climate change, such as heatwaves, floods, and rising sea levels.

**Renewable infrastructure** - Investments in infrastructure supporting renewable energy sources, such as wind and solar power.

**Risk** - The potential for an event or situation to occur that could result in harm, loss, or disruption to objectives. It is typically evaluated by considering both the likelihood of the event and its potential impact.

Scope 1, 2, and 3 Emissions - Categories of greenhouse gas emissions:

- Scope 1: Direct emissions from company-controlled sources.
- Scope 2: Indirect emissions from purchased energy.
- Scope 3: Indirect emissions from a company's supply chain and product use.

**Sustainable urban drainage (SuDS)** - Systems designed to manage water drainage in urban areas, enhancing flood management and biodiversity.

**TCFD (Task Force on Climate-related Financial Disclosures)** - A framework providing guidance on how companies should disclose climate-related risks and opportunities to investors.

**Transition risks** - Risks associated with the transition to a low-carbon economy, including policy changes, technological advancements, market shifts, and reputational risks.

**Vulnerability** - The degree to which a system, individual, organisation, or asset is susceptible to harm from a threat or risk. Vulnerability is influenced by factors such as exposure, resilience, and preparedness.



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