Group Sustainability Report

2023

AlphaReal

TIME
INVESTMENTS

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Group leadership statement

Welcome to our inaugural Group Sustainability Report. When an investment manager issues a sustainability report for the first time, two questions spring to mind why are they doing this, and why now?

AlphaReal is an investment manager that takes the long-term view. Many of our investments – such as those within renewable and social infrastructure – naturally align with themes around sustainability and ESG. Beyond these obvious themes, our strategies across all our investments target stability and predictable, inflation-linked cashflows. We invest for the long-term, and therefore we must stay abreast of evolving investor needs and trends that may affect our assets in the future. Sustainability is arguably chief among them. For this reason, we are pleased to share and formalise our approach to sustainability and report on our progress.

AlphaReal has advanced considerably in its sustainability journey over the past 18 months. For example, we have been accredited as a carbon neutral company for 2021 and 2022 and increased our data collection. We have bolstered our in-house expertise, appointing a head of sustainability and hiring an ESG associate. We have published our sustainability and D&I policies and have steadily introduced a cluster of ESG decision-making and measurement tools, putting us in a stronger position to accurately report and celebrate our progress.

We also recognise that stakeholders, including investors, local communities and regulators, are asking more of investment managers. Upcoming regulations such as Sustainability Disclosure Requirements (SDR) will soon demand greater rigour from our profession in communicating around sustainability, and many investors – institutional and retail alike – are already ahead of the regulators in requiring greater clarity and transparency from those they entrust with their capital. We are alive to upcoming regulations and welcome these developments as they support further transparency and accountability of sustainability disclosures and believe them to be in line with our values and approach.

We look forward to sharing our sustainability strategy, highlights of our progress to date, our plans for the future, and details on how our funds' assets fit into the overarching sustainability objectives set by the Paris Agreement and leading proponents of responsible investment and corporate sustainability, such as the UN PRI and UN Global Compact. This will differ between funds and assets – we do not believe in a one size fits all approach to investments or to sustainability – and readers may be drawn to some areas of the report more than others. However, what remains consistent across our portfolio is a commitment to transparency, realism and progress.

Phillip Rose
CEO and Founder

Edward Palmer
Joint-Deputy CEO, CIO and Head of Sustainability

TIME leadership statement

At TIME, our investors' interests are at the heart of everything we do, and we place heavy emphasis on our shared values. We have a core focus on income over the long-term and pay diligent attention to sustainability across our portfolios.

We believe sustainability is simply good business. The long-term nature of our investments means that any strategy must consider the ongoing impact of those assets, as well as the communities within which they are embedded. We consider risks and performance over the long term, with sustainability as a key component of our business strategy.

Sustainability is more than just astute strategy to us. At TIME, we primarily work with advised retail clients and now more than ever, they want their investments to reflect their values. Even better, they want to know that in many cases it can actively contribute to a better world, while still delivering stable, long-term returns.

This report is only the start of our journey to continue supporting our clients in creating a positive legacy.

Nigel Ashfield
Partner & Managing Director,
TIME Investments

Group overview

Alpha Real Capital Ltd ('the Group') encompasses Alpha Real Capital LLP ('AlphaReal') and TIME Investments ('TIME').

AlphaReal is a specialist real assets investment manager focused on secure income strategies. We invest in UK and European assets with predictable secure long-term cash flows. We provide market leading and innovative real asset solutions across a range of investments such as Commercial Ground Rents and long lease property, renewable infrastructure, social infrastructure and secured lending, combining operational real estate expertise and fixed income skills.

TIME is the Group's authorised wealth management investment solutions 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 180-plus strong professional team and £4.8 billion of assets under management,[1] 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 INREV and AREF.

PRI Principles for Responsible Investment

INREV

United Nations Global Compact

AREF The Association of Real Estate Funds

1 At 31 March 2023.

Our structure

Specialist Platforms

Alpha Real Long Income

Long-income real estate and social infrastructure

Alpha Real Renewables

Renewable energy infrastructure

Alpha Property Lending

Property lending

Investment Funds

Index Linked Income Fund

Long-income, inflation-linked commercial freehold ground rents

European Long Income Fund

Long-income, inflation-linked European commercial property investment

Social Long Income Fund

Long-income, inflation-linked social infrastructure

Wind Renewable Income Fund

Renewable energy infrastructure

Alpha Real Trust

Property lending and other asset-backed investing

Wealth Management Solutions & Funds[2]

TIME:Freehold

Long-income, inflation-linked freehold ground rents

TIME:Commercial Long Income

Long-income, inflation-linked commercial property investment

TIME:Social Long Income

Long-income, inflation-linked social infrastructure

TIME:Advance

IHT investment services focused on renewable energy infrastructure and property lending

TIME:UK Infrastructure Income

Renewable energy and infrastructure listed securities

TIME:Property Long Income & Growth

Listed real estate securities and directly held long income properties

2 Includes other TIME structured products.

Group highlights

Milestones and achievements

10 years in **renewable infrastructure**

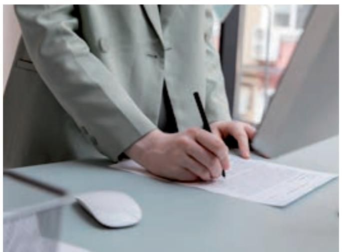
2022 was the first calendar year we surpassed **550GWh** of clean energy output

The Group's combined investment in the health, housing, and education sectors totals c. **£1.25 billion** at the end of the financial year, across **754 social assets**[3]

Governance and leadership

Appointed Ed Palmer as Head of Sustainability

Completed first assessment of the firm's carbon footprint, as part of our longer-term commitment to net zero



Published our Diversity and Inclusion Policy, following our Group Sustainable Investment Policy[4]

Established Group-wide ESG committee

3 Figures include investments through our social-specific investment platforms as well as further investments across the Group in the health, housing, and education sectors, through social infrastructure Commercial Ground Rents and investments into social housing.

4 Sustainability policy published in December 2021.

Organisations and standards

PENSIONS FOR PURPOSE

Joined Pensions for Purpose, supporting the flow of capital to sustainable and impact investment

United Nations Global Compact

Joined the UN Global Compact, reflecting our support of the Ten Principles and our commitment to implementing these guiding principles as part of our responsible investment strategy and day-to-day operations

INREV AREF

Active participation in industry bodies with a focus on governance and D&I initiatives

UKSIF UK Sustainable Investment and Finance Association

Joined the UK Sustainable Investment and Finance Association (UKSIF) in April 2022, whose primary objective is to unite UK financial services companies with a focus on improving, understanding and action on all topics relating to sustainability

Sustainability tools and data

MSCI

Introduced MSCI Climate Value-at-Risk (Climate VaR) across the Group's Real Estate funds to help us measure carbon emissions and assess physical and transition risks

GRESB

Participated in 2022 submissions, and increased the number of funds submitting to Global Real Estate Sustainability Benchmark (GRESB) in response to client interest in validated ESG performance data

SUSTAINABLE DEVELOPMENT GOALS

Assessed alignment of our funds with UN PRI Sustainable Development Goals, and integrated our contribution towards these goals within our investment process

External recognition

LAPF INVESTMENTS AWARDS

Impact Manager of the Year

2022 & 2023

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2023

Impact Manager of the Year

2023

PENSIONS AGE AWARDS

Property Manager of the Year

2022 & 2023

Financial Adviser Service Awards 2022

5 Star Winner Investments

2022

PENSIONS FOR PURPOSE

Best Social Impact Thought Leadership

2022

GROWTH INVESTOR 2022 AWARDS

Team of the year

2022

Case studies – Renewable Infrastructure

WRIF: Investing in wind for high-impact long-income

The Wind Renewables Income Fund (WRIF) offers institutional investors access to a portfolio of sub-10 MW UK onshore wind assets. Predominantly backed by the UK government's Feed in Tariff (FiT) and with 20-year grandfathered incentives, these assets offer investors secure, inflation-linked long-income, while contributing 100% renewable energy to the country's energy mix, helping the UK move towards a net zero grid.

WRIF was established in May 2018 as a closed-ended institutional investment fund. To date, the Fund has invested a total of £180.1 million into 66 operating assets, accounting for circa 47 MW of installed capacity. Our assets have an average remaining economic life of 18 years and benefit from circa 70%[5] long-term inflation-linked revenues.

5 As of 31 March 2023.

Group Sustainability Report

Long-term impact and income

WRIF invests in both greenfield and already operational renewable opportunities. Where investing in operational assets, we look to extend and regear the lease to ensure we maximise long-term, green energy generation. Coupled with robust long-term maintenance regimes, this allows us to maximise the asset life, which helps to ensure three things:

1. **Longer-term, inflation-linked** and secure income for our investors.
2. **Greater lifetime contribution** of renewable energy to the UK's electricity mix.
3. **Lower embodied carbon emissions** per KWh produced over the asset's lifetime.

We actively seek to make a positive environmental impact through the generation of renewable energy that contributes to the UK's electricity mix, displacing potential fossil fuel generation and its associated emissions, helping the country reach its net zero targets. At the same time, we also manage for other environmental, social and governance factors.

For example:

- **Engagement with communities** through community benefit funds, with long-term funding commitments and management from local stakeholders.
- **Commissioning of archaeological surveys** where relevant.
- **Engaging ecologists to consult** on how to achieve optimum biodiversity coupled with visual impact for local communities, and implementing their recommendations.
- **Vetting contractors and requiring them to adhere to and report** on compliance with planning conditions, with similar ongoing responsibilities for asset managers we partner with.
- **Engaging with local schools** to provide educational opportunities on renewable energy.

Our impact

Primary SDGs:

Secondary SDG:

Key Metrics:

c. 106 GWh produced across the portfolio in the financial year...

which is equivalent to 36,530 average UK households' annual electricity consumption...

and offsets 22,494 tonnes of CO_2, equivalent to CO_2 removed by 1.02 million mature trees in a year.

Portfolio availability of c. 97%[6] over the past three years.

"Onshore wind can be an ideal investment for long-term income. Electricity demand is growing, and renewable energy targets are locked in place. With responsible and engaged management, these assets can provide clean electricity to UK homes and secure income to our investors for decades to come."

Raza Ali and Zorica Malesevic
Co-Fund Managers for the Wind Renewables Income Fund

6 Availability calculated for over 3 years to 31/12/2022.

Moat Farm: Investing in greenfield solar

The Moat Farm site was acquired in 2022 with project rights in place, and we are agreeing a power purchase agreement (PPA) with a large corporate, thereby providing project certainty and lowering risk. Following extensive engagement with stakeholders, development work is now underway, with commissioning expected for 2024.

Once operational, we expect the site to generate approximately 25 GWh per annum, equating to the average annual consumption of 8,620 UK households, displacing fossil fuel generation and helping the UK reach its net zero targets.

The site is expected to generate approximately 25 GWh per annum.

This generation is equivalent to the average annual consumption of 8,620 UK households.

The benefits of greenfield

Greenfield investment offers a greater degree of control over project design, development, and impact. While greenfield investments' primary impact is through generation of renewable energy, we also look for opportunities to generate secondary impacts including:

- **Enhanced biodiversity:** As the name suggests, Moat Farm is currently agricultural land, and we are engaging closely with the local authority and ecologists to develop a plan that increases biodiversity.
- **Positive visual impact:** Nestled in a densely populated area and skirting close to public footpaths, we recognise the importance of providing a positive visual impact to the local community and have designed our landscaping plan accordingly.
- **Soil quality improvement:** By allowing the land to lie fallow for the lifetime of the asset and removing it from the cycle of intensive farming, we will provide 'recovery time' to the soil underneath, allowing it to replenish its natural store of nutrients.

Our impact

Primary SDGs:

Secondary SDG:

Key Metrics:

Due to be commissioned in 2024.

Expected output of approximately 25 GWh per year...

which is equivalent to 8,620 average UK household's annual electricity consumption...

and offsets 5,308 tonnes of CO_2, equivalent to CO_2 removed by 241,284 mature trees in a year.

"Moat Farm is a taste of the future when it comes to our renewable investments. The construction of new assets helps meet rising renewable energy demand. By doing so, we can ensure that the ESG opportunities can be optimised from the offset, allowing us to make a bigger, better impact than we would have otherwise."

Stephen Daniels
Partner and Head of Investments - TIME Investments

Case studies – Social Infrastructure

Health investment in care homes

We forward funded the construction of an asset in Bingham, Nottinghamshire, which became operational in 2021. The new care home addressed a local capacity issue by providing 70 new beds with ensuite facilities. By working with the developer and tenant to meet the particular needs of the community, specific parts of the care home were designed to assist with specialist dementia care.

Whilst supply in the area at the time of the investment was adequate in headline terms, an in-depth review of local supply led us to the conclusion that many of the facilities in the area were not modern, fit-for-purpose. Our view was that in the short to medium term, these homes would eventually cease to operate as they became no longer financially viable and/or would involve significant costs to bring up to standard (in required areas such as infection controls), therefore creating a hidden impending capacity shortfall.

"Social infrastructure investment in fit-for-future care homes supports overall improved health and wellbeing outcomes through person-centred care delivery, with a focus on reducing emergency hospital admissions and targeting the issue of social isolation amongst the elderly."

Roger Skeldon
Head of Real Estate - TIME Investments

Caring for the future

Challenges related to infection control in care homes experienced during the COVID-19 pandemic highlighted the critical need for units to have ensuite wet rooms. To ensure assets are viable for long-term lease, we engaged with developers at an early stage to address the demand in the area for a higher standard of accommodation.

Whilst rapidly evolving technological developments will advance the delivery of care in the next four to five decades, these sites have been designed to accommodate any such changes – a long-term approach that has enabled us to underwrite the long-term demand for this asset.

Since acquiring the facility, we have:

- **Actively monitored the regulatory scores** by the Care Quality Commission that the tenant has achieved versus the industry average.
- **Visited the care home alongside third parties** on multiple occasions to help understand how the property is performing and how the services are being provided. This includes engagement with the tenant to understand where improvements could be made.

Our impact

Primary SDG:

Secondary SDGs:

Key Metrics:

Creating additionality by addressing market capacity issues through the provision of 70 new beds alongside facilities such as ensuite wet rooms and design focused to assist tenants with dementia care.

100% wet rooms, operated with enhanced infection control management.

'Friends and Family' independent carehome.co.uk rating of 9.9/10 for the home.

CQC independent regulator 'Good' rating for the home.

Focus on above real living wage for employees regardless of their age.

Reducing mean gender pay gap of 4.8% of staff.

Streamlined energy & carbon reporting at group level 2,603kg CO_2e per registered bed.

Investing in Early Years education

In August 2022, we invested in the development of a property that had an agreement for a lease in place with a leading children's nursery operator. The property is currently under construction and expected to open in Q4 2023. Once operational, the site will deliver 109 additional nursery places to the local community. The nursery is on the edge of a residential area and in close proximity to the local tram station, making it ideally suited for parents working under a hybrid approach.

This facility will allow parents to return to work by providing a safe service to care for and educate their children.

As the post-COVID working landscape continues to evolve, both the Government and Opposition have clearly defined additional childcare support as a key component of future policy. This facility will allow parents to return to work by providing a safe service to care for and educate their children.

Good governance for long-term social outcomes

The facility's immediate locality is undergoing a significant regeneration programme, with new housing units being created, which will increase demand for early years education facilities in the area. The asset's primary impact will be the generation of a new, state of the art facility offering additional nursery capacity for families in the local area, and a positive, stimulating environment, which is key to supporting a child's positive learning and development in the early years. Secondary impact will come from the creation of local jobs in the facility, where there is a strong emphasis on educating and upskilling staff.

Given the long-term nature of the leases in which we invest, understanding the tenant's business model and strategy is an important facet when selecting investment opportunities, in order to ensure the investment is secure in the long-term. Proactive engagement with the tenant's senior leadership team is essential for building this understanding – and by working collaboratively with the tenant since the project's beginning, we have been able to establish a two-way process for ongoing engagement and reporting.

This will provide us with an insight into ongoing performance of the business, assist in managing risks, and generate beneficial data to support the assessment and measurement of the investment's social outcomes.

Since acquiring the property in August 2022, we have:

- **Engaged with the tenant's** CFO, building a positive relationship and helping with our understanding of the business.
- **Shared information** where relevant regarding regulatory requirements and energy efficiency in order to establish a two-way dialogue and a collaborative working relationship.
- **Agreed an ongoing engagement** process that will provide important insights into operational performance going forward.

Our impact

Primary SDG:

Secondary SDGs:

We look to apply the **Impact Management Project's five dimensions** to assist in measuring and managing impact. This covers the 'What', 'Who & how', 'How much', 'Contribution' and 'Risk'. Part of the assessment will involve incorporating the regulatory score provided by Ofsted once the facility has opened.

Key Metrics:

- Due to open in Q4 of 2023.
- Delivery of 109 new high-quality nursery places to the local community.
- The quality of the space is high, complying with Early Years educational space standards and energy efficient, with a minimum B target EPC rating.

"Accessible nursery education delivered in settings designed to early years guidance standards narrows the attainment gap, supports overall wellbeing and positively contributes to GDP through allowing greater parental access to employment."

Anne Copeland and James Murray
Co-Heads of Social Infrastructure

Case studies – Long lease real estate & Commercial Ground Rents

Commitment to care

During the initial outbreak of the COVID-19 pandemic, when one of our tenants – a care home provider – was seeing their occupancy levels fall and restrictions on the operations of their care homes were first put in place, we engaged constructively with the tenant to explore whether we could accommodate their requests while keeping our investors' interests at the centre of our conversations.

In this context, we were able to amend the lease terms to produce a better outcome for both the tenant and investor, with the business' long-term sustainability in mind. Our actions helped ensure the continuing provision of care to over 4,000 residents at a time of economic stress.

This collaborative relationship continued when recently they decided to reorient the portfolio and sell certain assets, including sites in more isolated localities to local service operators. We supported the tenant in this process and agreed to sell back selected freeholds to help facilitate this. We also used the opportunity to re-apportion rent across the remaining portfolio to ensure long-term economic sustainability and, therefore, the care those sites provide.

In this context, we were able to amend the lease terms to produce a better outcome for both the tenant and investor, with the business' long-term sustainability in mind.

The value of relationships

Responsibility to our investors is our primary consideration but we firmly believe that to maximise capital preservation in the long-term across the portfolio and minimise risk, establishing positive relationships with tenants through active engagement is essential.

Over the course of the relationship with the tenant we:

- **Established a positive working relationship** whereby we were able to work collaboratively with tenants during the COVID-19 pandemic in a way that protected the long-term viability of the assets and investor returns.
- **Took a partnership approach with tenants,** as opposed to a traditional landlord-tenant relationship. This allowed us to collaborate on solving challenges, thereby protecting returns and minimising risk in the long-term – both to our investors and to users of the care services, who benefit from the long-term continuity of service.

Our impact

Primary SDG:

Secondary SDG:

Key Metrics:

105 assets benefitted from the lease improvement.

"As a responsible landlord, we understand the value of the services provided at asset level to the communities they serve and engaging with tenants in adverse times to help ensure the sustainability of these businesses. We take a partnership approach with our tenants and believe in the value of long-term relationships."

Patrick Grant
Head of Long Income

Providing solutions to social housing shortfall in Ireland

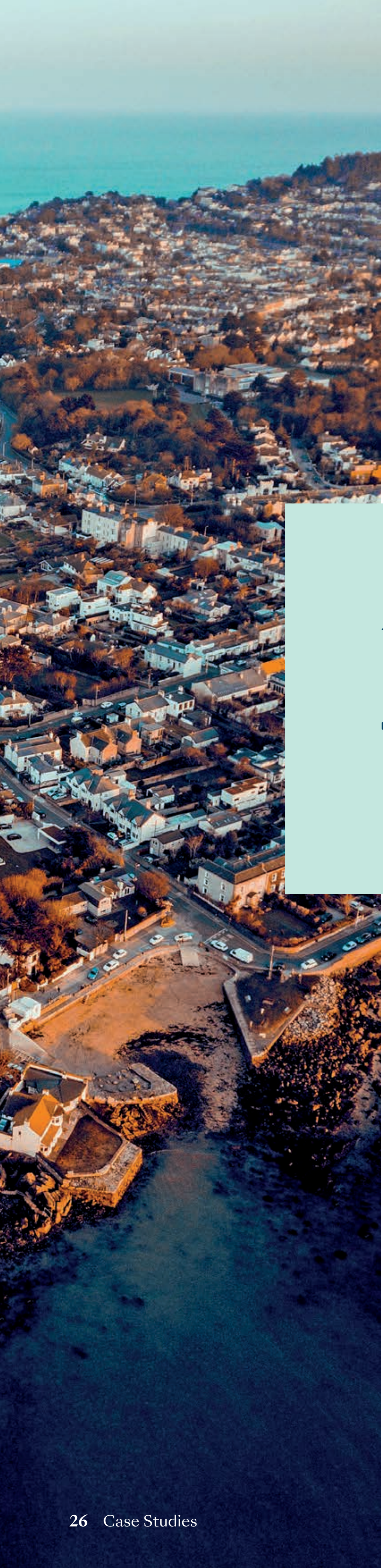
Since 2021, we have funded the conversion of over 44 homes from traditional residential dwellings into social housing with genuine positive environmental and social outcomes.

In the greater Dublin and Cork areas of Ireland, there is a significant shortfall of homes that qualify as social housing. We worked closely with a local partner to put in place a lease for the local authority of 25 years, which they could then use to provide social housing for people in need. All homes were upgraded and refurbished to ensure a modern finish which was also energy efficient.

In order for the homes to qualify for social use, the local authorities required a material upgrade to the Building Energy Rating (BER) of these properties, which we were also able to deliver.

The benefits of engagement

Engagement with the local authorities allowed us to ensure our projects were in areas with the greatest need for additional social housing provision – creating greater long-term certainty for our investors.



Our impact

Primary SDGs:

Secondary SDGs:

Key Metrics:

- 44 homes converted to social housing, providing homes to individuals in need.
- All homes upgraded to modern energy efficiency standards, reducing carbon footprint and contributing to better well-being of the occupiers.

"Repurposing and upgrading residential property enables the delivery of these homes in a timely manner that unlocks the delivery of positive social outcomes to the individuals and communities served."

Gordon Smith
Fund Manager for the European Long Income Fund

Case studies – Forestry

Increasing sustainability of forestry investments

The Barracks Forest in Perthshire, Scotland, is one of the largest contiguous privately-owned forests in the UK, and since 2020 has been a key investment in the TIME:Advance portfolio.

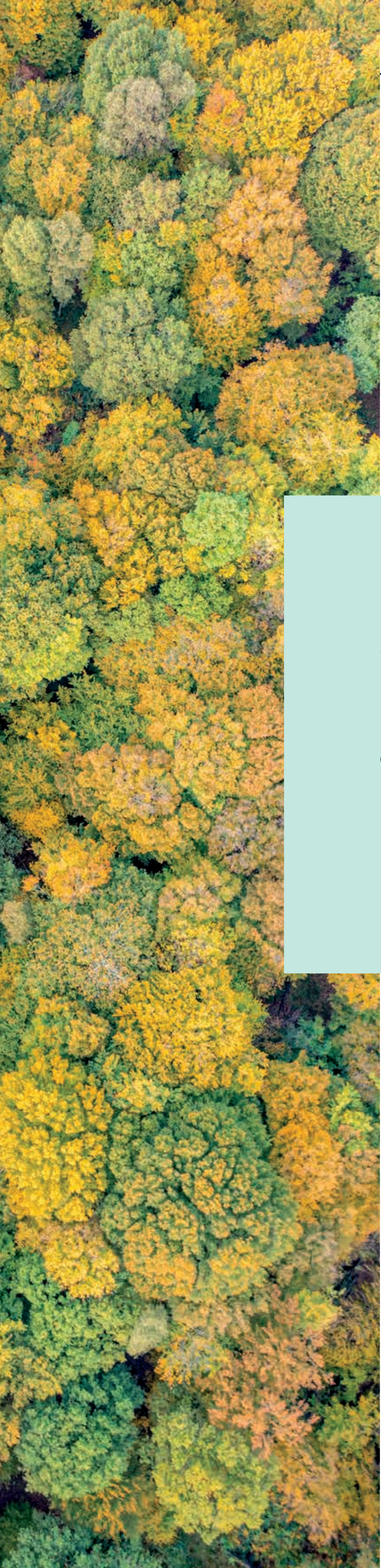
Stretching over 11,000 acres, the forest is predominantly softwood timber including Sitka spruce and lodgepole pine planted in the 1960s and 1970s. On harvesting, the timber supports the production of FSC-certified wood and timber products.

Across our forestry portfolio, we work to ensure responsible long-term management that puts sustainability at the fore.

Sustainability and financial returns

Our investment into the Barracks Forest has financial returns as the primary consideration, but management of the asset is optimised to create positive impact alongside. Initiatives include:

- **Management in accordance with the principles of sustainable forest management** as defined by the United Kingdom Woodland Assurance Standards and endorsed by the Forest Stewardship Council, including the production of an approved long term forestry management plan.
- **Replanting trees** in line with the long-term forest plan and typically with newer nursery-grown varieties that allow for higher yielding trees, with land also allocated for permanent native broadleaf species.
- **Designing habitat corridors** to improve habitat along the rivers and to link new planting areas and nature reserves. In time these will produce wildlife corridors through the forest.
- **Engagement with the Royal Society for the Protection of Birds (RSPB)** to help ensure site operations are managed without unduly disturbing a white-tailed eagle roost.
- **Liaison with the Scottish Environment Protection Agency (SEPA)** regarding the management of waterways that flow through the site.
- **Engagement with local neighbours and stakeholders** to keep them informed of our activities with efforts made to minimise any disruption.



Our impact

Primary SDG:

Secondary SDGs:

Key Metrics:

A provisional estimate of more than 480,000[7] tonnes of CO_2 is captured and stored in the forest today...

which is expected to rise to more than 700,000[8] tonnes over the next 16 years in line with the long-term forestry plan, and this does not include CO_2 that will remain stored in products made from felled trees.

"When we acquire forestry assets, we look for opportunities to enhance their sustainability and optimise their long-term management. We aim to actively improve the woodland to increase biodiversity and boost arboreal growth rates to store more carbon without compromising on economic return. Our approach to forestry investment reflects our focus on long-term sustainable income and responsible ownership."

Sam Archer
Senior Investment Director - TIME Investments

7-8 Figure based on calculations provided by Fountains Forestry. Reported CO_2 sequestration excludes CO_2 potentially stored in products from harvested timber.

Case studies – Self-storage

Self-storage in safe hands

Self-storage in the UK is a multi-billion pound business, with demand set to rise as the population increases and average dwelling space – and therefore home storage – decreases.

TIME:Advance is the owner of 12 storage facilities across England and Wales, with a 13th under construction at Kettering, Northamptonshire. Alongside our specialist operational partners, TIME:Advance invests in a programme of continuous improvement to raise sustainability standards, with high performance designed-in to new build assets.

Big box, small environmental impact

The environmental impact of the warehouses predominantly comes from electricity usage. We undertake activities such as insulation upgrades, switching traditional fluorescent lighting to low-energy, motion-activated LED bulbs, and have installed rooftop solar on six sites to displace a portion of grid usage with 100% renewable electricity. We have also invested in electric vehicle charging points on selected sites to reduce transport emissions. These improvements are carried out on an ongoing basis.

For our new site at Kettering, we are specifying these factors from the outset, and targeting a BREEAM 'very good' rating.

Our operational partners also adhere to ESG and D&I policies, helping to mitigate related risks as investors.

Our impact

Primary SDG:

Key Metrics:

Six of our sites currently have roof top solar installations, with Kettering being the seventh.

Two of our sites have EV chargers. Kettering will be the third.

'Very Good' BREEAM rating targeted for new build at Kettering.

"An ongoing housing shortage and shift to working from home has strained the usable space people have in their homes. Self-storage can play a supportive role in facilitating improvements in the usability of existing housing."

Sam Archer
Senior Investment Director - TIME Investments

About us

Our people

Our culture combines an entrepreneurial and meritocratic approach with collaboration and respect for the individual. We believe that the best ideas can come from anyone, and that by working inclusively as a group we are able to leverage our collective strengths to achieve more.

We believe that sustainability and integration of ESG factors is a firmwide responsibility, not just that of one team.

We also believe that combining individuals with different backgrounds and experiences can enhance a range of business processes, from idea generation and decision making to problem solving and risk management. The Group seeks to foster a culture where differences are valued, and where all colleagues are treated with respect.

We are constantly looking for ways to nurture and protect this culture and engage with our staff regularly through **engagement surveys**, with most recent completion rate of over 90% across the business.

Diversity and inclusion

In 2022, we published our **Diversity and Inclusion (D&I) policy** for the first time. This policy centres on six core group commitments:

1. **To not discriminate, and to ensure** everyone should be treated equally regardless of race, sex, gender identification, sexual orientation, ethnic or national origin, nationality, religion, age, disability, marital or civil partner status, pregnancy, or any other characteristic protected by law
2. **To promote equality of opportunity** for all staff
3. **To promote the Group's** commitment to D&I to all staff
4. **To create a working environment** free of bullying, harassment or victimisation
5. **To adhere to the principle** that promotion and compensation decisions should be based on merit, reflecting both business and individual results
6. **To regularly review our D&I policy** and processes and take action to address any issues raised

Our values

Our values are central to the investment philosophy of the firm and act as a framework guiding our approach to sustainability in the interests of all our stakeholders.

Integrity

We do what is right, integrity is integral.

Respect

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

Responsibility

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

Collegiality

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

Investor Centricity

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

Originality

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

Rationality

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

Risk Control

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

Transparency

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

Sustainability strategy

Our sustainability philosophy

Investors of all kinds are more focused on sustainability than ever. As an investor-centric organisation, we therefore share this focus and review, adapt and manage our strategy regularly in line with our scale and specialisms.

On the one hand, our established focus on long-term returns and real assets puts us in an excellent position to prioritise sustainability – particularly in the case of our renewable and social infrastructure investments.

On the other, many of our funds operate in private markets, where the availability of data is generally lower than in public markets. This presents challenges to measuring, demonstrating and driving sustainability. Similarly, we are inherently restricted in our ability to directly influence sustainability activity when investing in Commercial Ground Rents covered by fully repairing and insuring (FRI) leases.

Where this is the case, we focus on engaging with tenant occupiers and relevant stakeholders to try and secure sufficient information to accurately gauge sustainability performance, and to collectively discuss actions to improve.

Over time, we anticipate that the quantity and quality of data disclosure in private markets will harmonise with public markets, facilitating greater disclosure. For the time being, we commit to a strategy of engagement and transparency, with a realistic view of what sustainability and ESG look like within the different market contexts we operate in.

In short, we prioritise the aspects of sustainability that we believe are most relevant for our scale, for the assets we manage and for our investors, focusing on engagement with our tenants and other stakeholders.

Our definition of engagement:

"Purposeful, targeted communication with our stakeholders – including but not limited to our tenants – on particular matters of concern with the goal of influencing positive behaviours and collecting the knowledge necessary to assess impact."

Our engagement with tenants

During the year, we have introduced and made progress on multiple engagement initiatives with our tenants that exemplify our definition of engagement and our chosen partnership approach.

These initiatives include:

- **ESG Tenant Workshops** consisting of targeted workshops with the aim of gaining further understanding of tenants ESG strategies as well as mapping ESG initiatives across the portfolio, such as low carbon technologies and services, and Green Building certifications. The workshops create further engagement opportunities that can support 'greener', more resilient properties, and benefit both investors and tenants.
- **ESG Tenant Surveys** helping us assess tenants' satisfaction and their interest and progress on sustainability-specific questions. The survey addressed ESG data collection process, interest in sustainability measures such as following ESG standards for fit-out or retrofit projects, and implementation of net zero strategy and local community programmes. The survey also focused on tenants' adherence to good governance, including modern slavery and minimum living wage policies.
- **ESG Technical Building Assessments** enabling us to better understand building components and efficiency measures currently implemented at the asset level (e.g. LED lighting, roof or wall insulation, infrared sensors) and ultimately create accountability and encourage tenants to consider and/or enhance the appropriate sustainability measures.

These initiatives included multiple interactions with tenants, and in different formats. We have also worked with external consultants to support greater accuracy of data and information gathered.

So far, our experience has been positive, and we are finding that tenants are generally responsive to our requests and interested in addressing sustainability issues. We look forward to strengthening our engagement initiatives with tenants and progressing on a series of ESG initiatives that influence positive behaviours and create value for our stakeholders.

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ESG Committee

All our people are incentivised to consider sustainability in their role. However, we have also formed an ESG Committee to collate experience from, and demonstrate leadership across, the Group.

Chaired by the Head of Sustainability, the Committee is empowered to execute initiatives across the Group to improve sustainability within our own operations and across our portfolio.

Ed Palmer
Joint-Deputy CEO, CIO and Head of Sustainability

Maria Vaggione
Senior ESG Associate

Sam Archer
Investment Director

Robert van Maaren
Portfolio Senior Associate, Renewables

Flaminia Cole
Analyst, Long Income

Elliot Tegerdine
Technical Director

Scott Gardner
Director of Investment Capital

Shajahan Alam

Director of Strategic Investment Solutions

Ed Goldsworthy

Investment Director, Renewables

Zorica Malesevic

Fund Manager, Renewables

Tamsin Martin Smith

Senior Manager, Client Solutions

Anne Copeland

Co-Head, Social Infrastructure

James Murray

Co-Head, Social Infrastructure

Nauman Ahmed

Head of Investment Risk

Alice Ruffell

Head of Sales Operations

Roger Skeldon

Head of Real Estate

Our approach

Our sustainability philosophy is built around four pillars:

i) a quantitative approach,
ii) rigorous analysis,
iii) transparency, and
iv) continuous improvement.

Quantitative approach

We believe that sustainability characteristics should be quantified wherever possible. We believe that if a sustainability risk can be measured, it can be more easily mitigated or avoided. To this end, we selectively make use of third-party decision tools to enhance our understanding of such risks, but only after we have thoroughly reviewed the methodology to ensure it is robust and the output reliable. We are constantly seeking better ways of identifying, measuring and managing all kinds of sustainability risks and, where possible, opportunities.

Rigorous analysis

A broad and sophisticated analytical approach is required given the long-term nature of many of the assets in which we invest. The same is true for our assessment of sustainability characteristics. As well as detailed asset-specific environmental due diligence, we also seek practical and relevant indicators, such as Ofsted ratings for education assets or CQC ratings for care assets. UN Sustainable Development Goals (SDGs) are also a core component of this analysis, but an outcomes-focused approach means we will only claim alignment if there is a robust connection to the achievement of specific goals.

Transparency

We believe in the importance of transparency for all our stakeholders and seek to present information in a way that is easy-to-understand and supported by our quantitative approach and rigorous analysis as described above. Examples include expressing renewable energy output in terms of homes powered, or care facilities in terms of beds provided as well as transparency on carbon emissions. We also seek to be transparent about challenges we may face in meeting stakeholder expectations, for example when constraints imposed by FRI leases reduce our ability to directly influence tenant behaviour or collect data.

Continuous improvement

We take a positive approach in our efforts to find better ways to measure the sustainability characteristics of the assets we manage. While data availability for private assets continues to lag public markets, we are committed to finding ways to improve our ability to gather and disclose relevant data. Although engagement with tenants can be challenging under FRI leases, we are encouraged by the results of our collaborative efforts to date and will continue to develop these relationships. While operational control resides with the tenant and currently limits our ability to set fund targets such as a net zero commitment earlier than 2050, we expect this to be possible over the medium term as our engagement leads to improved data collection and tenants develop asset-specific targets.

Real assets, real world benefits

Our sustainability is founded upon and informed by the fact that our focus on real asset solutions means that our investments' impacts are tangible and measurable.

Real assets have real world benefits.

1

Our renewable infrastructure assets produced over 550,000 MWh of energy in a year...

2

enough **clean energy** to power over 190,000 UK households, or...

3

to light almost 8 million 8W LED light bulbs continuously for a year...

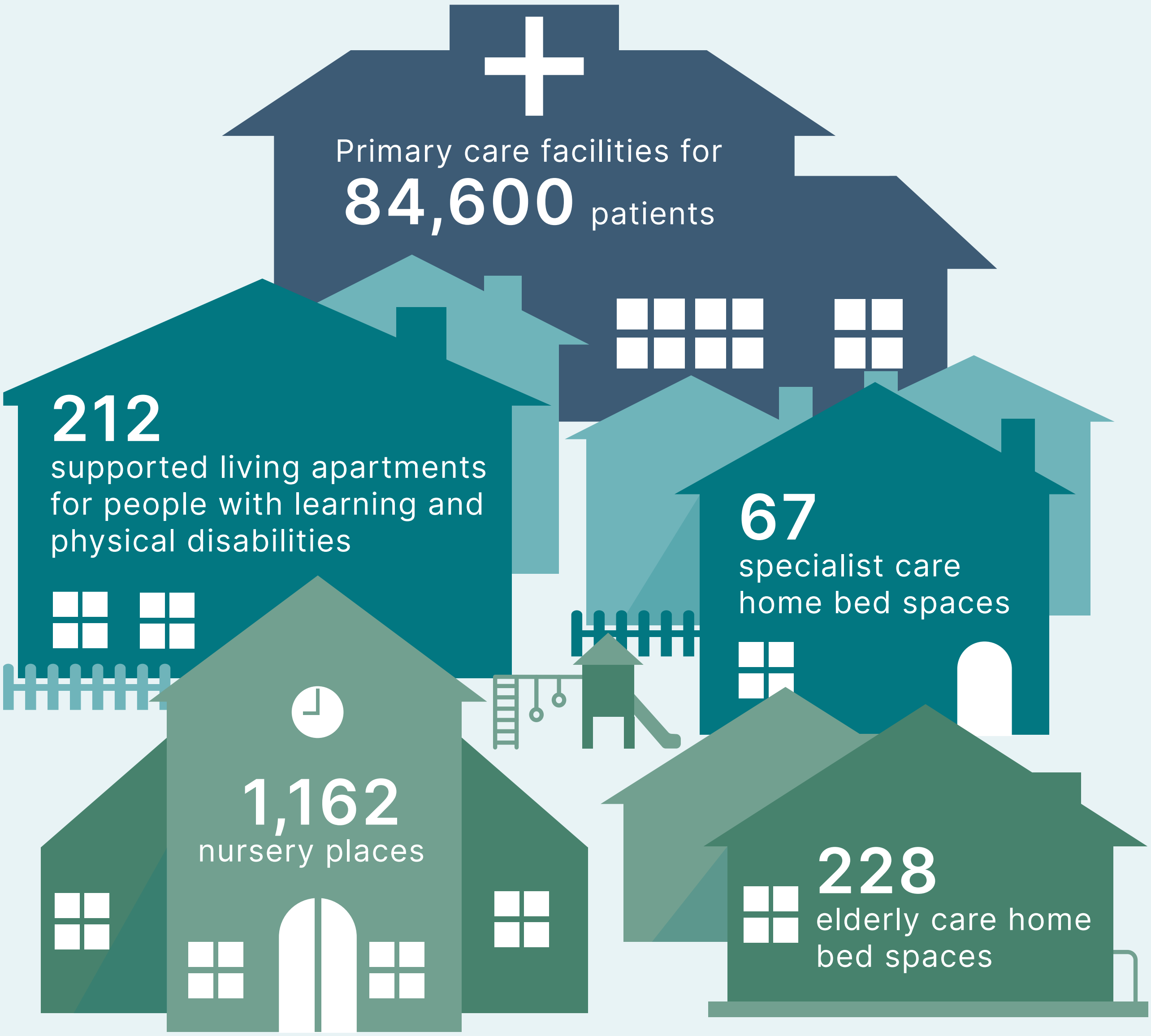
4

a CO_2 offset of more than 118,000 tonnes, equivalent to the CO_2 removed by over 5 million mature trees in a year.

Social Infrastructure

Social infrastructure supports the delivery of essential needs-based services.

Social infrastructure includes real estate assets across three core sectors – health, housing and education – which make up the 'pillars' of this asset class.



Sustainability, ESG and impact

Our sustainability approach recognises that one size does not fit all.

ESG and sustainability factors are considered across all our funds products, and this is embedded in our investment processes.

As a result, our overall approach can be characterised as 'Responsible'[9], while we recognise a range of valid investment strategies with different levels of ESG and sustainability emphases.

Across the Group, our core goals are:

Sustainability Disclosure Requirements (SDR) and investment labels

Further to the publication of the FCA's consultation paper in October 2022, "Sustainability Disclosure Requirements (SDR) and investment labels", and the associated policy statement expected to be delivered in Q4 2023, while the thematic integration of ESG and sustainability into our investment processes will remain unaltered, the Group is currently reviewing our product range in the context of the forthcoming SDR and will determine appropriate alignment to this new disclosure regime for certain products over the coming months. We very much welcome the FCA's SDR and investment labels, which will improve quality and transparency of sustainability information to stakeholders.

Sustainability measurement and management tools

To ensure we are appropriately measuring and managing sustainability and ESG performance, we employ a range of third-party decision tools. Impact measurement and management is constantly evolving, and we keep these tools and methodologies under continuous review.

Aligning with the UN SDGs

The UN's SDGs are an important tool for aligning sustainability strategies. We evaluate managed assets against the SDGs, in most cases identifying a primary goal that is of core relevance to the investment, plus any secondary goals on which the investment may have an additional impact.

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

Assessing climate risks

We use MSCI Climate VaR to provide a forward-looking and valuation-based assessment of climate-related risks and opportunities within investment portfolios.

This model consists of two main components.

Transition risk

- **The Transition Policy Risk model** reflects the potential costs of transitioning to a low-carbon economy under different climate scenarios.
- **Assesses transition risks up to 2100** under emission pathways from different integrated assessment models. Transition risks are assessed for 1.5°C, 2°C and 3°C global warming levels.
- **Uses a combination** of top-down policy reduction requirements and bottom-down property-emission trajectories, based on property-specific data such as energy and carbon intensities, for each asset.

Physical risk

- **Assesses the potential costs** of building damage caused by extreme weather events, including hazards such as coastal and fluvial flooding, tropical cyclones and wildfires, as well as costs related to temperature change, such as additional cooling and costs, based on location and related climate data.
- **Models physical risk** using two different cost functions, one for acute risk impacts and another for chronic heating and cooling costs.
- **Uses scenarios** that seek to align with those recommended by the Network for Greening the Financial System (NFGS) and the Intergovernmental Panel on Climate Change (IPCC).

In addition to the transition and physical risks, MSCI's **Warming Potential** estimates asset or portfolio warming potential based on current asset emissions. This metric provides insights into our investments' alignment with the climate goals of the Paris Agreement.

Transition policy risk

Physical risk

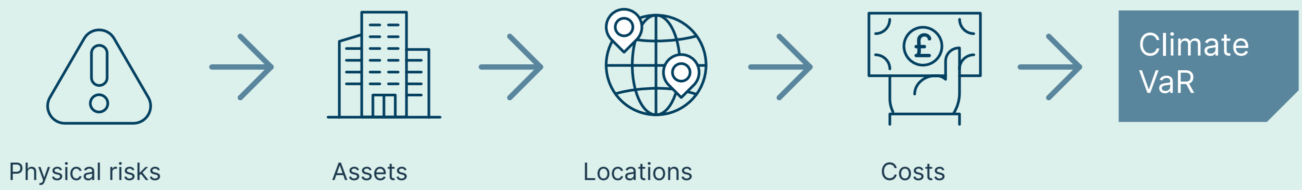


Figure 1: MSCI, 2022

Assessing social value

We have developed an impact framework in-house consisting of four key elements which when taken together enable assessment of impact. The elements are **market return, intentionality, contribution and measurement.**

Independent verification and measurement is an area of ongoing development. Moreover, quantification of social value remains a key challenge. As an industry stakeholder, we are actively collaborating with third party providers with the aim of moving towards achieving consensus on an industry agreed methodology.

We have developed an impact framework in-house which consists of four key elements: market return, intentionality, contribution, and measurement.

Our ESG scorecard

ESG is fully embedded in our investment process, from initial appraisal through to Investment Committee and ongoing management. This is facilitated through the use of an ESG scorecard, which covers a range of sustainability risks and opportunities pertinent to the transaction in question and forms an integral part of the materials reviewed by the Investment Committee.

The scorecard takes a holistic view and includes climate value at risk, environmental due diligence as well as metrics relevant to societal benefits and governance.

The scorecard takes a holistic view and includes climate value at risk, environmental due diligence as well as metrics relevant to societal benefits and governance. Risk level and mitigants (where risk is medium or higher) are identified for each of the factors across E, S and G.

The format and contents of the ESG scorecard may vary across funds, depending on the nature of the investments and the availability of tools and data.

In such cases, ESG due diligence may be evidenced using an adapted form of the ESG scorecard or alternative methods approved by the Group's Chief Investment Officer.

ESG scorecard

E/S/G	Factor	Description
Environmental	Climate risk	Assessment of Physical & Transition risks as well as the asset carbon intensity based on MSCI Real Estate Climate VaR.
	Energy efficiency	Energy efficiency rating, and proposed future improvements.
	Asbestos	External assessment of asbestos-containing materials, registers, and management plans. Confirmation on lease requirements regarding tenant management of asbestos in line with regulations.
	Deleterious materials	External assessment on presence of deleterious materials and confirmation of lease requirements regarding tenant management of deleterious materials in line with regulations.
	Flood risk	Environmental survey findings regarding likelihood of flooding from tidal/ fluvial/ reservoir/ surface water sources and analysis of mitigants and insurability. Confirmation of lease requirements regarding tenant management of flood risks in line with regulations.
	Land contamination	External assessment of land contamination and confirmation of lease requirements regarding tenant management of land contamination issues in line with regulations.
	Mining	Site assessment for coal mining activity and confirmation of lease requirements regarding tenant management in line with regulations.
	Radon	Risk assessment of radon gas at the site area and confirmation of lease requirements regarding tenant management in line with regulations.

E/S/G	Factor	Description
Social	Social value[10]	Assessment of social value generated in the case of social assets.
Governance	Compliance with Group policies	Investment compliance with the Group's Sustainable Investing Policy.
	Cladding	Confirmation of lease requirements regarding tenant management of cladding in line with regulations.
	Fire risk	Asset compliance and operation in line with regulation.
	'Green clause'[11]	Confirmation on whether a 'green clause' has been included in the lease.
	Independent regulator rating	Independent regulator rating received by the tenant/ asset in the case of social assets.
E, S and/or G	Other characteristics	Any other ESG characteristics that demonstrate tenant's alignment with responsible and sustainable practices within their strategy and/or operations.
	SDGs	Asset alignment/contribution to the UN SDGs, where there is clear linkage between investment and the respect goal's target(s).
Summary Rating	Impact / risk	Overall assessment of ESG risk based on the individual assessment and attributed rating to the risk factors described above. Based on overall risk, we identify the transaction's green premium/ discount.

Figure 2: Illustrative ESG scorecard applies for our Long Income funds.
Categories will differ between asset classes.

10 Our approach to measuring impact is under review.

11 A 'green clause' requires a tenant to consider environmental good practice, energy and water efficiency and waste reduction in providing any services. and carrying out any works.

Our journey to net zero

We recognise the challenge posed by climate change, and the need to strengthen the global response to limit the extent of warming in line with the Paris Agreement. Our journey to net zero encompasses actions at two levels:

At the firm level

In 2021, we engaged an independent consultant to assess the company's emissions and assist us in defining a baseline for future reductions. To the extent it is not possible to reduce emissions further, we intend to offset them using an accredited programme. Our ambition is to be net zero as a firm by 2050.

At the fund level

We are equally committed to net zero by 2050, but believe we must be transparent in recognising the constraints imposed by managing real estate assets under FRI leases.

The majority of real estate assets managed by the Group have FRI lease contracts, which means the funds (as Landlord) do not have operational control of the asset, and hence are unable to directly change an asset's carbon footprint. With that being the case, our strategy is to form a partnership and work collaboratively with tenants to collect and aggregate emissions data for portfolio assets and to encourage and positively influence tenants to develop an emissions reduction strategy, particularly in cases where one does not already exist. Over time, we anticipate being able to collect a detailed picture of current and future expected emissions and from this, project a net zero pathway for individual funds.

Our data-led approach reflects our belief that a net zero commitment should be backed by robust data and an achievable reduction plan. Whilst this is an evolutionary process requiring tenants' voluntary participation, we are enhancing actual emissions data collection at asset level, and experiencing positive engagement from tenants. We will continue to keep investors and other stakeholders updated on our progress, as we look forward to being able to share greater detail over time.

Our emissions data

Scope	Emission type	2022 Emissions (tCO_2e)
Scope 1	Corporate operations - Fuel use	2.95
	Total Scope 1	2.95
Scope 2	Corporate operations – Location-based electricity use	25.85
	Total Scope 2	25.85
Scope 3	Corporate business travel	145.98
	Group business operations	496.44
	Investments & Downstream leased assets	55,457.28
	Total Scope 3	56,099.70

For more information regarding our emissions data and methodology, please refer to our TCFD report.

A note on TCFD reporting

We have recently produced our first Taskforce on Climate-related Financial Disclosures (TCFD) on a voluntary basis, and we will be reporting this annually going forward. We will use the data collected to refine our pathway and track progress to net zero by 2050, as we develop a clearer picture of where we can improve.

Our commitments

As a Group, we commit to always:

- **Ensure ESG factors are fully integrated** in our investment process, from initial appraisal through to Investment Committee and ongoing management.
- **Seek to identify, measure and manage** ESG-related risks, and where possible, benefits.
- **Incorporate sustainability** in our engagement with stakeholders.
- **Continuously seek improvement** in our ability to gather and disclose relevant data, including energy, water and waste data across our sites[12].
- **Promote a culture focused on sustainability** and where sustainability is everyone's responsibility.
- **Regularly consider and report our progress** on sustainability issues, including publishing climate-related disclosures in line with TCFD recommendations, annually.

In addition, we are committed to a range of industry bodies, initiatives, and standards aligned with these goals, as mentioned under section **'Group Highlights'.**

We continuously seek improvement in our ability to gather and disclose relevant data.

12 Subject to tenant agreement in the case of our long income real estate investments.

Spotlight on long lease real estate & Commercial Ground Rents

Spotlight on long lease real estate & Commercial Ground Rents

Long Income is a division of the Group that specialises in real assets, and which offers long-term income and inflation protection. The investments across this division comprise freehold assets on long leases, including Commercial Ground Rents.[13]

Investments within Long Income can deliver different sustainability outcomes depending on the nature of the underlying investment. For instance, investments in assets such as day nurseries and care homes provide measurable social and/or environmental benefits to beneficiaries and communities, although not made with the same level of intentionality as our investments in the social infrastructure division of the business.

Across all investments, ESG is embedded in our investment process and ESG factors are considered when making investment decisions and when engaging with tenants and other stakeholders. This is because we believe that identifying, measuring and managing ESG factors can play an important role in ensuring attractive risk-adjusted returns over the long-term. We believe ESG is part of good investment practice.

For this reason, we try as much as possible to take a quantitative approach to ESG factors, as we believe this can enhance risk management as well as support consideration of ESG factors into pricing, and ultimately, help us identify opportunities and creative solutions to challenges.

Engagement is also an important part of our approach with regard to sustainability, particularly given that the majority of the assets are governed by FRI leases, which limit our operational control over ESG factors, at the property level. We seek to differentiate ourselves through acting as a long-term investment partner and seeking to adopt a partnership approach with our tenants, as opposed to a traditional tenant-landlord relationship. In this partnership, we look to positively engage with tenants in a collaborative and transparent manner. We may also seek to use our position as landlord to engineer positive ESG outcomes through regulatory ESG requirements, such as through 'green clauses' as part of our leases.

In aggregate, our approach within this pillar allows us to realise and bring to life creative solutions that deliver attractive risk-adjusted returns to our investors while also producing positive sustainability outcomes over the long-term.

13 Most representative on a NAV basis

Key solutions

AlphaReal: Investment funds	TIME: Wealth management solutions and funds
Index Linked Income Fund (ILIF) Long-income, inflation-linked Commercial Ground Rents	TIME:Freehold Long-income, inflation-linked residential ground rents
European Long Income Fund (ELIF) Long-income, inflation-linked European commercial property investment	TIME:Commercial Long Income PAIF (CLIP) Long-income, inflation-linked commercial property investment

Achievements

- **Approximately 43% of ILIF's** fund value is invested in sectors with positive social benefits, while 18% of ELIF's capital value is invested in social housing in Ireland and circa 6% of CLIP's fund value is invested in social assets[14].
- **Commercial Ground Rent investments** through segregated accounts have contributed to the financing of healthcare, day nurseries and specialist care facilities.
- **As part of our GRESB submission process**, we have enhanced actual collection by increasing the scope of funds for which occupier data is collected on energy, water and waste. This has, in turn, improved data accuracy and contributed to a better understanding of portfolio risks.
- **As part of our engagement strategy**, we have conducted targeted ESG Tenant Workshops with tenants across our Commercial Ground Rents business. The workshops helped us build a better understanding of tenants' current ESG initiatives and created further opportunities for engagement on sustainability.
- **Actively asking tenants about** their own ESG initiatives and case studies demonstrating best practices as part of regular tenant reviews.

14 As of March 31, 2023. Social assets across ILIF, ELIF and CLIP correspond to investments in health, housing and education sectors, invested through social infrastructure Commercial Ground Rents and investments into social housing.

Ambitions

- **To increase quantitative and qualitative data collection at the asset level** across energy, water & waste and occupancy data to enable environmental reporting and social value assessment.
- **To increase quantitative and qualitative data collection at the tenant level** such as good governance measures and practices, ESG strategies and goals in order to strengthen engagement aligned to their ambitions.
- **To continue to work to increase** the number of leases with 'green clauses'[15], subject to tenant agreement.
- **To continue and enhance the monitoring and assessment** of energy efficiency ratings across our UK portfolios, in line with MEES regulations.
- **To seek to continuously improve our ESG framework** for assessing the ESG and sustainability characteristics of Commercial Ground Rents.

Accountability

- **Assessment of climate-related risks** (physical and transitional) with the use of MSCI Real Estate solution and CRREM pathways.
- **Monitoring energy efficiency ratings,** including proportion of portfolio assets within different rating bands.
- **Monitoring the proportion of leases containing** a 'green clause' clause at portfolio level.
- **Monitoring independent regulator ratings** for health and education assets reflecting assessment of key performance indicators including quality, safety and user outcomes.
- **Real estate social value reporting and measurement** for investments in social assets within the platform: we engaged with Loop in 2021 and, alongside other third-party providers, we are currently challenging methodologies and working on identifying the most appropriate real estate solution for social value and reporting.

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

Spotlight on Social Infrastructure

Spotlight on Social Infrastructure

'Social infrastructure' comprises physical assets across a range of sectors which accommodate or facilitate social activities or services, delivering positive outcomes for the people and communities served.

These assets are classified as 'infrastructure' as they are essential for a country to deliver on basic needs and provide tangible and measurable social benefits.

Our interpretation of 'Social infrastructure' encompasses three core sectors: health, housing, and education, which form the three pillars of our social impact investment strategy.

Social infrastructure assets contribute to societal well-being by facilitating essential services and activities in communities.

Pillar 1 Health	Pillar 2 Housing	Pillar 3 Education
• Elderly care • Pimary & secondary care • Treatment clinic • Specialist care	• Extra care • Homelessness & supported living • Key worker & social housing • Student (University let)	• Day nurseries • Primary, secondary education • College or university faculties • Special educational needs

'Social' is about people and places contributing to net positive outcomes for those who receive and deliver (essential) services, and wider stakeholders such as their families and communities.

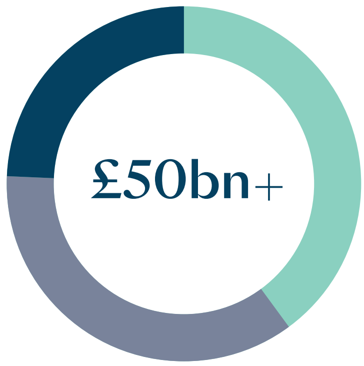
The Global Impact Investing Network (GIIN) defines 'impact investing' as investments made with the intention to generate positive, measurable, social environmental impact alongside a financial return.

The type of social infrastructure assets delivering social benefit include those providing supported or assisted living, social housing, primary care, secondary care, elderly care, specialist care or education.

These assets also provide a relatively resilient and less volatile income stream, as demand is underpinned by essential need. In aggregate, investments in social infrastructure assets across the Group total circa £1.25 billion across 754 assets[16].

Social infrastructure benefits from a 'perfect storm' of structural demographic demand, inefficient and insufficient stock, and a clear and urgent need for capital investment. We estimate the shortage of modern, fit-for-purpose social infrastructure stock to be more than £50 billion. This represents a significant opportunity for institutional capital to help plug the gap.

The market opportunity in each of the three pillars of social infrastructure



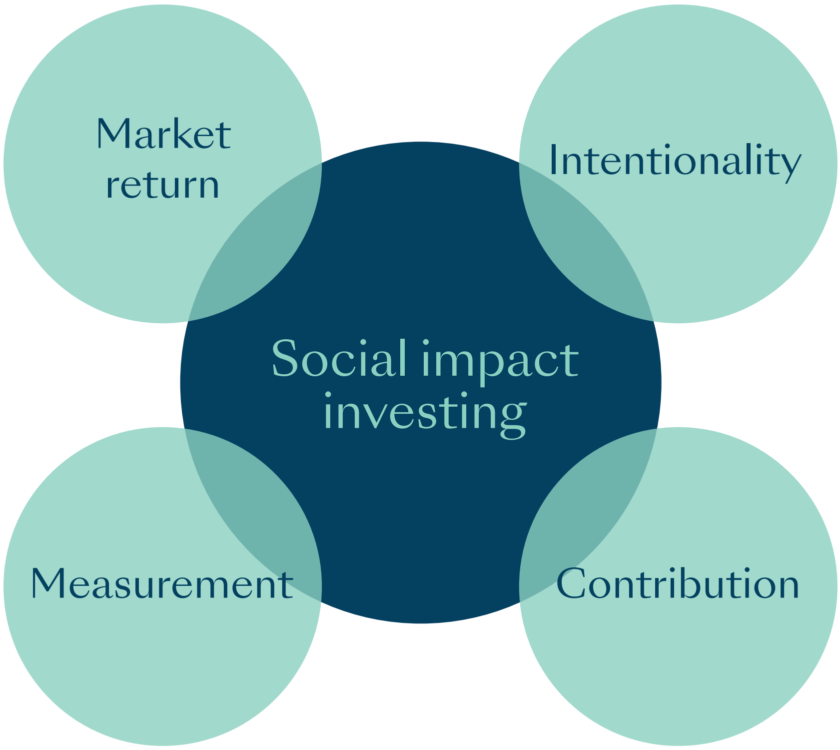
- £20bn Health
- £18bn Housing
- £12bn Education

16 As of 31 March 2023. Includes segregated accounts.

For an investor, this offers the opportunity to move beyond responsible 'do no harm' approaches and embrace positive and measurable social and environmental outcomes alongside financial returns.

For communities, our funds aim to increase social infrastructure capacity through financing modern, purpose-built regulation-compliant infrastructure – addressing the environmental and social factors in ESG in a sustainable manner as possible.

As these assets are usually secured off-market, the platform's pipeline is supported by our in-house team experienced in origination, development and forward-funding, who liaise directly with developers and operators to enable us to quickly deploy capital when opportunities arise.



Our investment approach includes applying an impact framework developed in-house and consisting of four key elements which ensure we look at investments through the lenses of market return, intentionality, measurement and contribution in a systematic way.

To ensure the social infrastructure assets deliver positive social benefits, we make sure that ESG factors are fully integrated into the investment process. To assist in asset selection, our team performs positive and negative screening of all prospective investments to ensure the appropriate asset utilisation outcomes are likely to be achieved.

We also perform an overall assessment using an ESG scorecard, which includes the asset's alignment to the relevant UN SDGs as well as the assessment of the investment's social impact. To support the monitoring of the estimated social benefit of the asset, besides the assessment with the UN SDGs, we utilise third party advisers or resources.

Key solutions

AlphaReal: Investment funds	TIME:Wealth management solutions and funds
Social Long Income Fund (SLIF) Long-income, inflation-linked social infrastructure	TIME:Social Long Income PAIF (SLIP) Long-income, inflation-linked social infrastructure

Achievements

Social value created across health, housing and education are assessed through impact frameworks such as the five dimensions of impact and theory of change.

Examples of acquisitions across social infrastructure during the period:

- **70-bed purpose-built residential care home** specialised in providing dementia and post-operative care, with 100% wet room provision and enhanced infection control management. Operational since 2021.
- **109-place day nursery forward-funded** in Sale, Greater Manchester. Completion expected in Q4 2023
- **125-place day nursery in Chertsey acquired** in Q1 2023. The asset also showcases strong environmental credentials: previously in office-use, the asset is being refurbished and repurposed, with a garden added for the enjoyment of the occupants.

The outcomes delivered by our social-specific investment platforms have reached the following cumulative figures[17] by the end of the reporting period, across health, housing and education:

212 Supported living units for individuals with learning and physical disabilities.

228 Elderly care home bed spaces.

84,600 Primary care patients.

1,162 Day nursery places.

67 Specialist care bed spaces.

17 Includes investments through segregated accounts. Number of day nursery places includes one asset which is not yet operational.

Ambitions

- **Investing for market return whilst delivering positive**, measurable social and/or environmental impact[18]: we believe investors can achieve real returns and real impact through combining health and education alongside housing as part of their social impact infrastructure allocations.
- **Support the multi-billion-pound opportunity gap** across health, housing and education in the UK, by aligning institutional capital with public funding to target issues of long-term nationwide capacity constraints across health, housing and education.
- **To improve data collection of all types at the asset level** to enable environmental reporting and social value assessment.
- **To improve data collection at the tenant level** such as good governance measures and practices, ESG strategies and goals in order to strengthen engagement aligned to their ambitions.
- **To be a thought leader in this space** through engagement with industry bodies and organisations and by sharing our ideas through the creation of market insights.
- **To positively challenge and assist in the development** of existing methodologies with the ultimate aim of enhancing stakeholders' understanding and measurement of social value.

Accountability

- **Independent regulator ratings across health**, housing and education: regulators assess and provide scores for the asset or service line reflecting their assessment of key performance indicators including quality, safety and user outcomes.
- **Third party social value measurement** and verification: we engaged with Loop during 2021 and alongside other third-party providers, we are currently challenging methodologies and working on identifying the most appropriate real estate solution for social value reporting and measurement.
- **SDGs: initial mapping** exercise and annual monitoring of the core and ancillary/secondary SDGs the assets contribute to, and the underlying indicators met, across health, housing and education.

18 Global Impact Investment Network (GIIN) defines impact investing as 'investment made with the intention to generate positive, measurable social and environmental impact alongside a financial return'.

Spotlight on Renewable Infrastructure

Spotlight on Renewable Infrastructure

Our funds invest directly in UK renewable infrastructure, with a focus on onshore UK wind and solar. The renewable energy produced by the Funds' assets contribute to global and national climate change goals.

The UK government has set a net zero carbon emissions target by 2050, to meet its commitments under the Paris Agreement. Within this strategy, it has set a closer target of a completely decarbonised power system by 2035. Onshore renewable energy capacity will be key in achieving these aims.

Every MWh of electricity produced by renewable sources displaces energy that could have otherwise been produced using fossil fuels. Therefore, our renewable assets exhibit inherently strong environmental benefits which we measure in terms of average renewable energy generated, which we express in terms of average number of UK household energy consumption as well as the respective avoided CO_2e emissions.

During the calendar year 2022, we added 41 MW of operational wind and 26 MW of solar farms bringing the platform to a total of 178 assets operational and in construction overall, with 406 MW of capacity throughout the UK.

As well as investing in operational assets, our team has experience in developing and funding projects through the planning, design, build and operational phases, and has successfully commissioned 17 schemes spanning onshore wind, solar PV, and hydro generation.

Our growth plans are ambitious, and we anticipate that by 2024 our portfolio will produce up to 695 GWh per annum, equivalent to the annual consumption of over 239,690 average UK households, and a CO_2e reduction of over 147,591 tonnes.

As well as their inherent positive environmental impacts, we aim for our projects to have the best possible impact in all respects. Our ESG due diligence also incorporates thorough analysis of legal, operational and environmental risks as well as engagement with local communities.

We take care as a custodian to minimise visual impact, enhance biodiversity, and protect sites of historical significance across our developments, and where appropriate contribute to community benefit funds.

ESG factors are fully integrated into our investment process. This includes applying an analytical proprietary scorecard once prospective investments have gone through an initial screening. The ESG scorecard sits at the core of the wider investment process and assesses certain ESG credentials along with a wide range of other investment metrics, influencing the final decision regarding the investment. The scorecard also acts as a framework for the investment team to determine the target weighting of each investment and facilitates the ongoing monitoring of the portfolio. The ESG criteria assessed are based on factual and publicly available information where possible.

Our investments in renewable energy infrastructure through WRIF and TIME:Advance have different levels of intentionality compared to TIME:UK Infrastructure Income. This is because, different from WRIF and TIME:Advance, which directly own the physical assets, TIME:UK Infrastructure Income invests into shares of UK-listed infrastructure and real estate companies.

Key solutions

AlphaReal: Investment funds	TIME:Wealth management solutions and funds
Wind Renewable Income Fund (WRIF) Renewable energy infrastructure[19]	TIME:Advance IHT investment services focused on renewable energy infrastructure and property lending
	TIME:UK Infrastructure Income Renewable energy and infrastructure securities[20]

19 Soft closed. WRIF has now completed its deployment phase.

20 Please note that TIME:UK Infrastructure Income invests in shares of UK-listed infrastructure and real estate companies.

Achievements

- **380 MW total installed capacity** over 177 sites, plus 25 MW under construction, as of March end 2023.
- **Wind Renewables Income Fund (WRIF) achieved, by end of March 2023, output of c. 106 GWh** – equivalent to the annual electricity consumption of over 36,530 average UK households, reducing emissions by over 22,494 tonnes of CO_2e.
- **TIME:Advance generated 451,875 MWh** for the same period, which equals to the annual electricity consumption of over 155,819 average UK households, reducing emissions by over 95,947 tonnes of CO_2e.
- **Conducted ESG survey** with TIME:Advance trading partnerships.
- **Implemented Renewables ESG scorecard** as an integral part of the investment process.
- **Contributed to a total of 30 community** benefits funds across the platform.

Ambitions

- **Expanded portfolio expected** to be able to produce 695 GWh per annum in 2024, equivalent to the annual electricity consumption of over 239,690 average UK households, reducing emissions by over 147,591 tonnes of CO_2e.
- **Continue to engage with local communities**.
- **Participate in industry benchmark performance** assessment designed for renewable energy infrastructure, which we expect to contribute to our internal understanding and measurement of ESG performance and progress, as well as enhanced reporting.
- **Implement a risk tool, designed** for renewable energy infrastructure, in order to identify and measure climate-related risks.

Accountability

- **Measurement of outputs in terms of total** renewable energy production and homes equivalent, as well as outcomes, in terms of emissions avoided.
- **Assessment of biodiversity net gain** to be delivered by projects as part of a project’s planning permission biodiversity management and monitoring plan.

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