

Alpha Real Capital

RESEARCH REVEALS GROWING FOCUS ON SOCIAL BENEFITS FROM INSTITUTIONAL INVESTORS WHEN INVESTING IN REAL ESTATE

New research ⁽¹⁾ from Alpha Real Capital LLP (“Alpha”), the specialist manager of secure income real assets, reveals that 80% of European professional investors now have social real estate firmly on their radar as an investment opportunity and over the next two years around 30% expect pension funds and other institutional investors to increase their real estate allocation to funds offering a social benefit.

Alpha’s research found that 93% took social benefits and impacts into consideration when assessing real estate investments and 96% now regarded the presence of social benefits as important to their investment decision-making process.

Adrian D’Enrico, Head of Social Real Estate at Alpha Real Capital said: “The recent UK Government report entitled Investing in a Better World, revealed the growing demand from investors to ensure that their investments not only avoid causing harm, but they also want them to support people and the planet. Alpha’s research clearly demonstrates there is a growing trend across all investors – institutional and retail – to actively look for investments that have a positive social benefit and we see this trend accelerating.

“There is a very strong, multi-factor investment opportunity emerging in social real estate. A growing and ageing population will need access to more assets and services provided in social real estate, but the sector faces significant challenges around insufficient and inadequate stock. Any response from the public sector will be hampered by strained government finances at a central and local level, which have been put under increased pressure with the immediate costs of dealing with the COVID-19 pandemic. This reinforces the opportunity for private capital to assist in funding and delivering assets - an opportunity we estimate would be well over £50bn.”

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Adrian added: “There is little doubt that pension funds and other institutional investors are increasing their exposure to real estate investments offering clear and measurable social benefits. Furthermore, our research suggests that the current Coronavirus crisis may speed up this trend. It is also clear that many professional investors have a good understanding of what to look for when considering social real estate and feel confident in the decisions they make here.”

When assessing the ESG (Environmental, Social and Governance) characteristics of real estate products, Alpha’s research reveals 16% of those investors interviewed said it is ‘very important’ to be able to track the benefits derived from the underlying investments of any social real estate fund, with 80% saying it is ‘somewhat important’.

Overall, when it comes to assessing new real estate allocations, 24% of pension funds and professional real estate investors say a product’s social benefits to the decision-making process are ‘very important’ and 73% say they are ‘somewhat important’.

The Alpha Real Capital Social Long Income Fund invests in a portfolio of real estate assets that provide a secure long-term, inflation correlated income stream and capital growth, whilst generating deliver a positive social impact. The fund typically invests through both acquisition and the construction of new social assets let on long leases to providers of services such as supported or assisted living, social housing, shared ownership, primary care and education.

Phillip Rose, CEO at Alpha Real Capital commented: “Investing in social real estate is one route for investors to make a positive impact on society while at the same time achieving predictable cashflows over long periods of time with significant component of returns linked to inflation”.

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Notes to editors:

⁽¹⁾ Alpha Real Capital commissioned the market research firm Pure profile to interview 55 professional investors in the UK, Germany, Ireland and The Netherlands. They included institutional investors such as pension funds and real estate professional investors. The research was conducted in June and July 2020 – interviews were conducted online.

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About Alpha Real Capital (www.alpharealcapital.com)

Alpha is a specialist real assets investment manager focused on secure income strategies. Alpha invests 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, UK renewable infrastructure, social real estate and secured lending, combining operational real estate expertise and fixed income skills.

Alpha has a 130 plus strong professional team with around £4 billion of assets under management, including capital commitments.

Alpha operates across diversified investment markets: listed and unlisted property vehicles, open and closed-ended property vehicles, UK and international funds, working with large institutional investors as well as private investors, family offices and wealth managers.

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