

Alpha Real Capital

LOCAL GOVERNMENT PENSION SCHEME FUNDS PLAN TO INCREASE THEIR FOCUS ON LOCAL SOCIAL INVESTING

New research ⁽¹⁾ from Alpha Real Capital (“Alpha”), the specialist manager of secure income real assets with over £1billion invested in social real estate, reveals that 89% of Local Government Pension Scheme (LGPS) fund professionals in England and Wales say their funds are planning to increase their allocation to local social investments over the next few years.

When asked for their Fund’s definition of local investing, 54% said it was within their local council area, 26% said it was UK-wide, and 20% said it was within their pool.

Alpha says it is seeing a growing trend for LGPS funds to increase their focus on local place-based investing. Place-based social investments aim to deliver positive, quantifiable social outcomes in addition to attractive financial returns, not at the expense of them. Alpha says investing in social real estate can work particularly well for pension funds looking to allocate capital whilst seeking to deliver a positive impact and says this can be achieved both nationally or on a more targeted regional basis, such as within a defined geography.

Investing in social real estate lends itself naturally to placed-based impact investing for the following reasons:

- It delivers the vital infrastructure that local communities rely upon, improving capacity and quality as well as enhancing the environmental sustainability of the built environment
- Investments can be made with local priorities and needs in mind, for example, enhancing local employment and meeting specific local health, care and education needs
- Investors can work with local stakeholders to align interests, creating a shared impact for the benefit of local people and places

Alpha offers LGPS and other institutional investors the opportunity to combine a bespoke local portfolio run under a segregated mandate, with access to its national open-ended pooled social real estate funds. Whilst a targeted, geographically constrained approach can deliver on local needs, by adopting a combined approach – including an allocation to a national, pooled vehicle – investors can also access the benefits that a larger portfolio can deliver, including enhanced diversification (by both sector and geography), swifter deployment (a broader target asset pool with potentially larger assets), and greater liquidity with the creation of investible sub-portfolios.

Stuart Hanson, Client Solutions, Alpha Real Capital said: “Our research shows clearly that LGPS funds are very much focused on increasing their level of local and social investing, and the impact of this could be huge. Indeed, if only 5% of LGPS funds’ combined assets were allocated to local investment,

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this would unlock as much as £16 billion for investment in assets that contribute towards positive social outcomes.”

James Murray, Fund Manager, Social Real Estate, Alpha Real Capital said: “Local investing provides LGPS funds with a unique opportunity to meet their financial objectives, and also make a significant positive social impact. The approach can be targeted or spread broadly at a national level, and we are seeing a growing trend towards place-based impacts that a hybrid national and regional approach offers.”

Phillip Rose, CEO, Alpha Real Capital said: “Investing locally in social real estate allows LGPS funds to make a real difference to social outcomes in terms of the quality and availability of social services, quality of life and economic opportunity. In Alpha’s experience, this can be achieved with attractive, long-term investment returns that are significantly inflation-linked.”

For more details on Alpha Real Capital’s focus on place-based investing visit:

<https://alpharealcapital.com/wp-content/uploads/2021/12/Social-real-estate-delivering-local-and-national-impact.pdf>

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Notes to editors

⁽¹⁾ Alpha Real Capital commissioned the market research company Pure Profile to survey 100 LGPS fund professionals. Interviews were conducted online in April 2022.

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About Alpha Real Capital (www.alpharealcapital.com)

Alpha is a specialist real assets investment manager focussed on secure income strategies. The firm invests in UK and European assets with predictable secure long-term cash flows. Alpha provides 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 asset experience and credit expertise.

Alpha has a 160 plus strong professional team with £4.7 billion of assets under management, including capital commitments – of which over £1bn is in social assets.

Alpha operates across diversified investment markets: listed and unlisted investment vehicles, open and closed ended property vehicles, UK, and European funds, working with large institutional investors and wealth managers.

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