

# Social Real Estate: Everyone's a Winner

Franklin Templeton Social Infrastructure Strategy

7 September 2023



Source for data and information provided by Franklin Templeton.

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# How do we Define Social Infrastructure?

## Healthcare



Hospitals, clinics, medicals offices, nursing homes, GP practices and other related activities

## Education



Nurseries, primary & secondary schools, special needs, higher and adult education

## Housing



Social, affordable, key worker and public servant housing, student housing and senior living

## Justice and Emergency



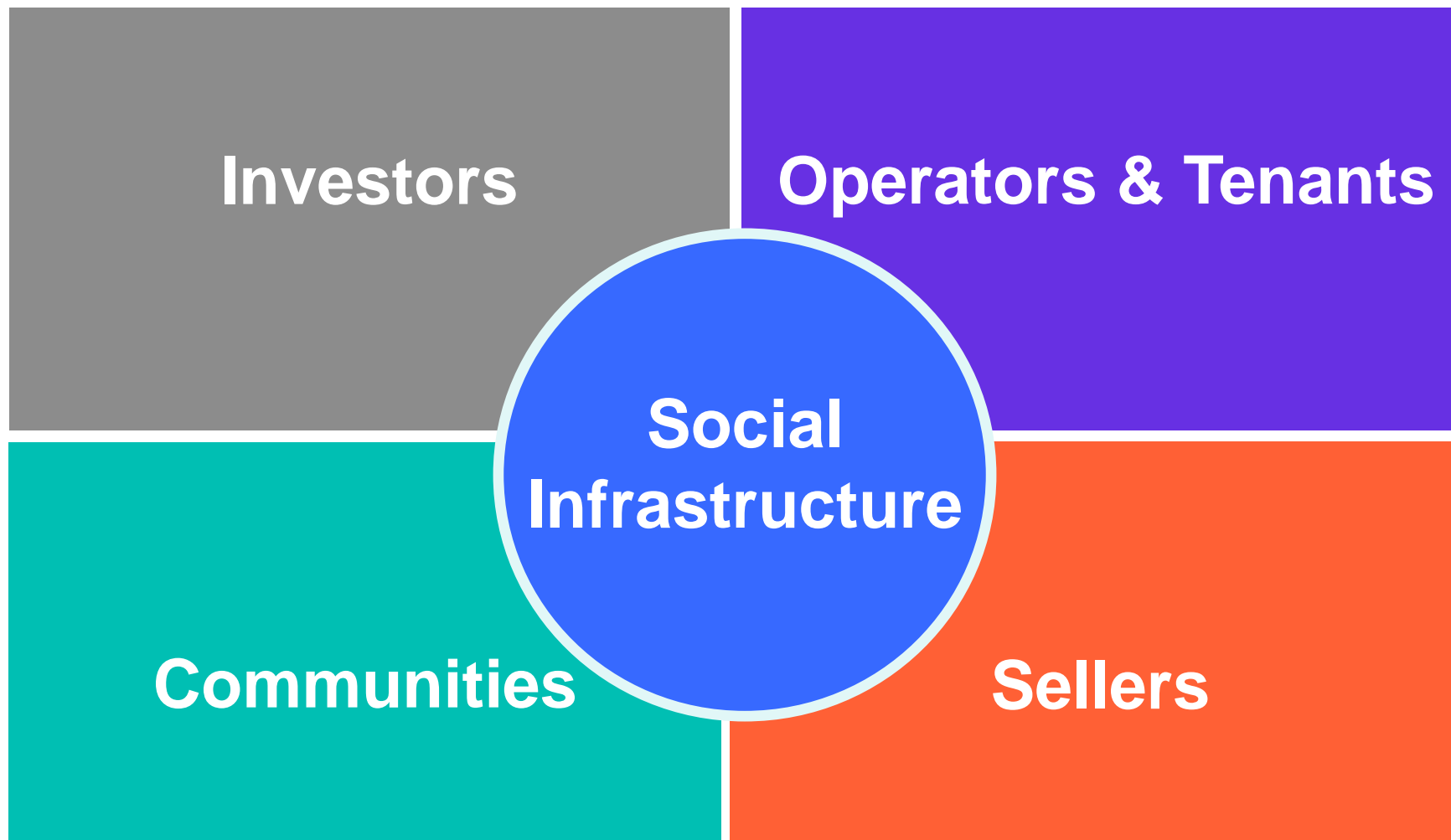
Court houses, police and fire stations

## Civic

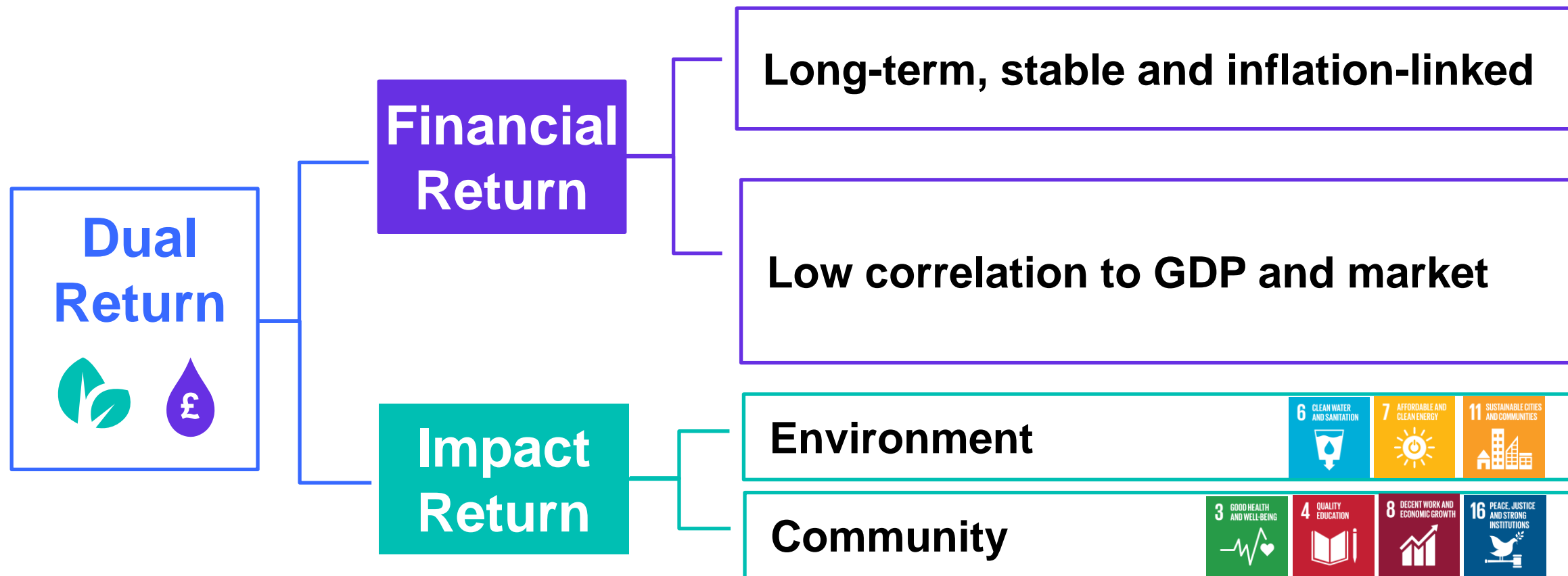


Assets used by government & local authorities with community interaction, sports facilities, etc.

# Why is Everyone a Winner?

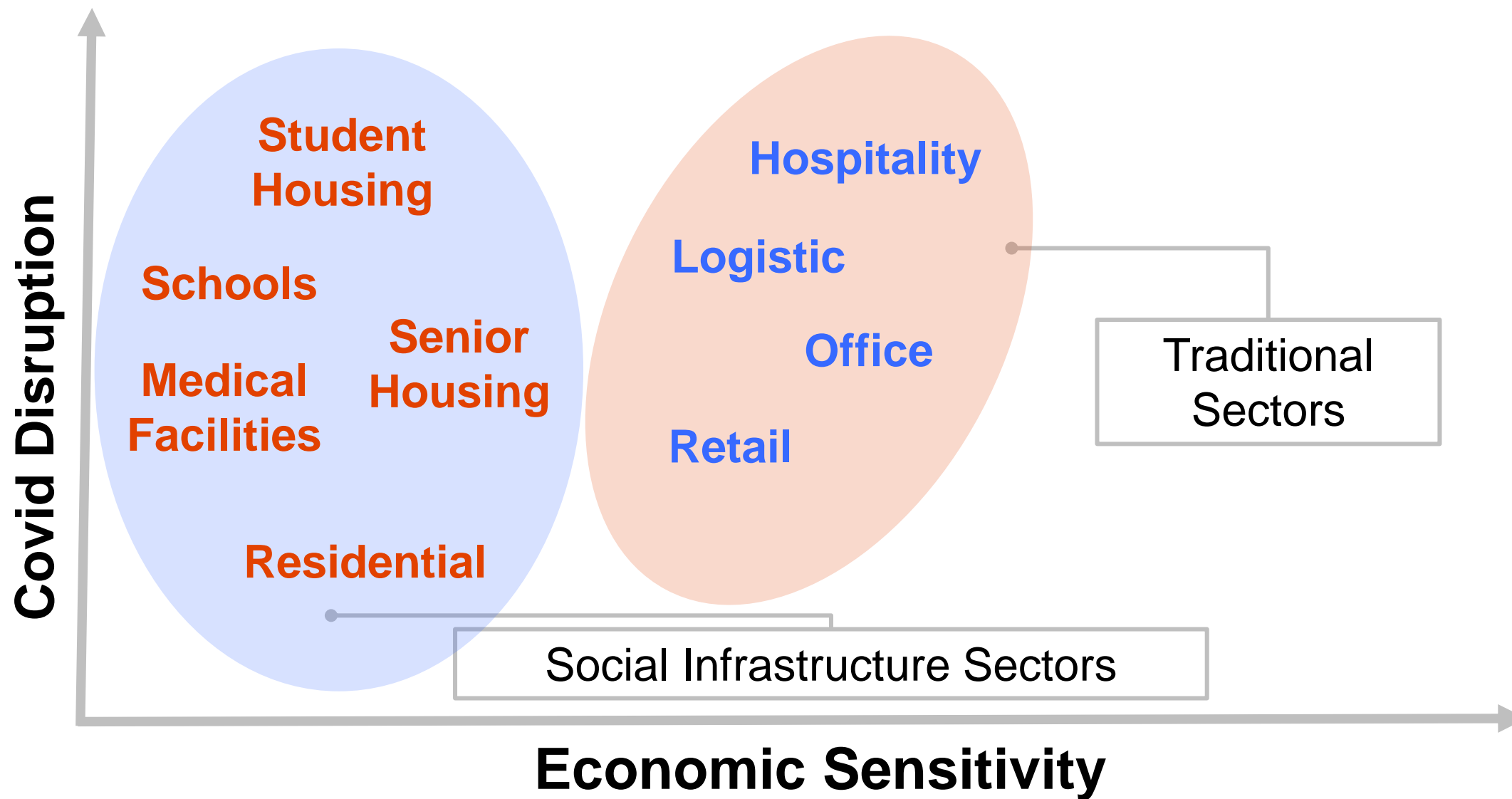


# Investor Benefits: Dual Return



**Alignment with 7 out of 17 SDGs**

# Investor Benefits: Proven Resilience

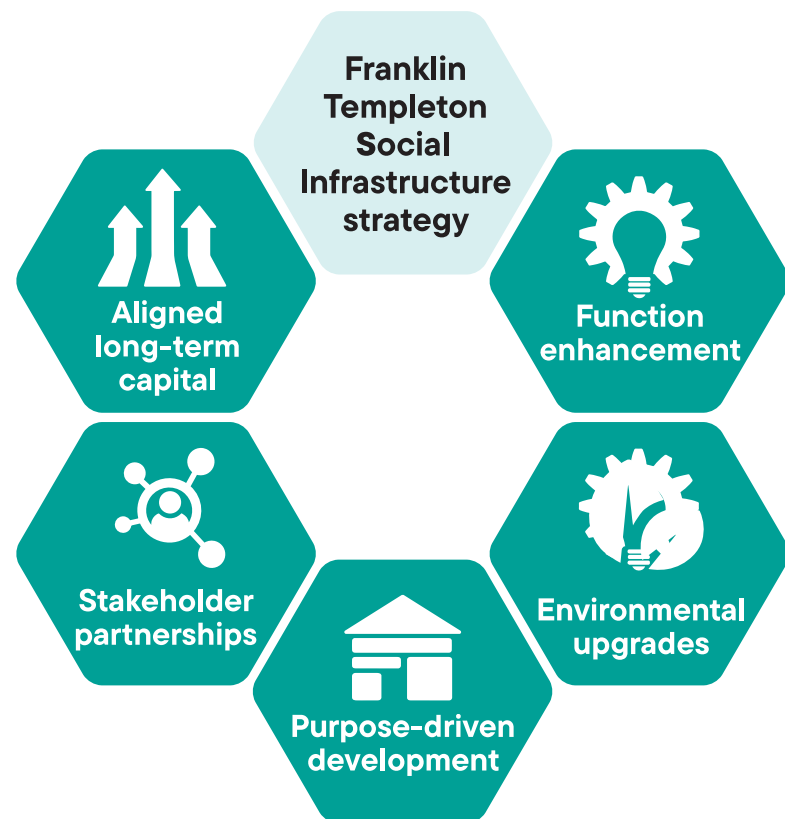


# Impact Return: Theory of Change

## 1. Challenges

Lack of quality  
Social  
Infrastructure

## 2. Contributions



## 3. Outcomes

More hired,  
housed, healthy  
and happy  
community


















# Measuring Impact

Proprietary framework to rate investment's impact at acquisition and monitor progress during investment's lifetime
















## Community value

Contribution to the community's development and wellbeing

	1	2	3	4	5
ACQUISITION					
CURRENT					
PROJECTED					

## Environmental performance

Environmental performance of the asset

	1	2	3	4	5
ACQUISITION					
CURRENT					
PROJECTED					

# Securing Special Education Needs Capacity in London and Greater Manchester

- 30-year FRI leases
- Annual RPI indexation
- Decapitalization of additional Capex



- Long term, aligned capital
- Pro-actively pursuing environmental & other upgrades
- Partner for future growth

- Secure asset for the long term
- Improve asset quality and environmental footprint

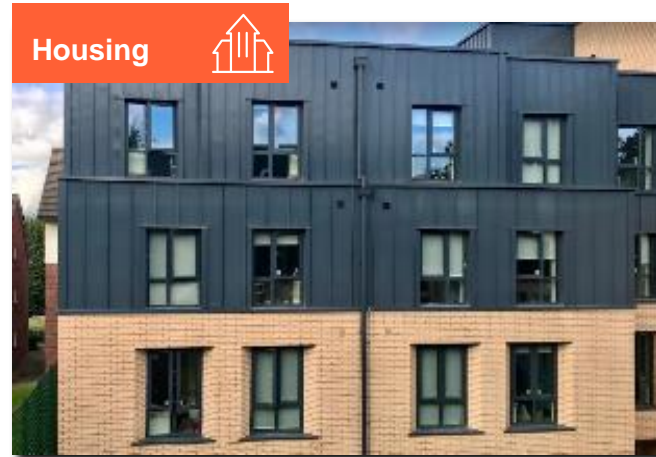


- Release capital for core business
- Professional real estate owner
- Reverse enquiry on new school opportunities



# Student Housing Programme

- 10-year RPI lease
- Future additions could be direct let
- Long term demand secured by strong locations



- Pro-actively pursuing environmental & other upgrades
- Focused on affordable schemes

- Provide long term capital to student housing sector
- Pro-actively seek out affordable schemes



- Capital for future pipeline
- Responsible landlord
- Certainty of execution

# Reviving Care Homes in the North-West

- 35-year lease
- RPI linked below market rents
- Attractive entry point below replacement cost



- Support growth of high- quality local operator
- Leverage organisation over broader portfolio

- Re-commission partly vacant homes
- Focus on CQC ratings as well as physical quality of assets



- Certainty of execution
- Speedy process

# Key Market Environment Considerations

## Considerations



**Inflation**



**Interest Rates**



**Ukraine War**



**Work from Home**



**Net Zero Targets**



## Mitigants

Covenant Strength  
Long & Indexed Leases

Hedging  
Adjusted Entry Pricing

Energy Consumption  
Construction Costs

Micro Location  
Quality of Assets

Build Upgrade Cost into BP  
CREEM Tool

# Summary



**Societal and environmental benefits alongside financial returns**



**Resilient asset class**



**Supporting the levelling-up agenda**

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