

IMPACT REPORT

2020



NEWCORE
CAPITAL MANAGEMENT



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About Newcore

Newcore Capital Management is an independently-owned, real estate investment manager, with £250m of assets under management.

Newcore specifically targets social infrastructure assets within the UK, which it believes are integral to society, benefitting from limited supply, growing demand and generally offering some resilience to technology-driven change.

Key Information

£250m

Total value of assets under management (AUM)

52

Total number of assets

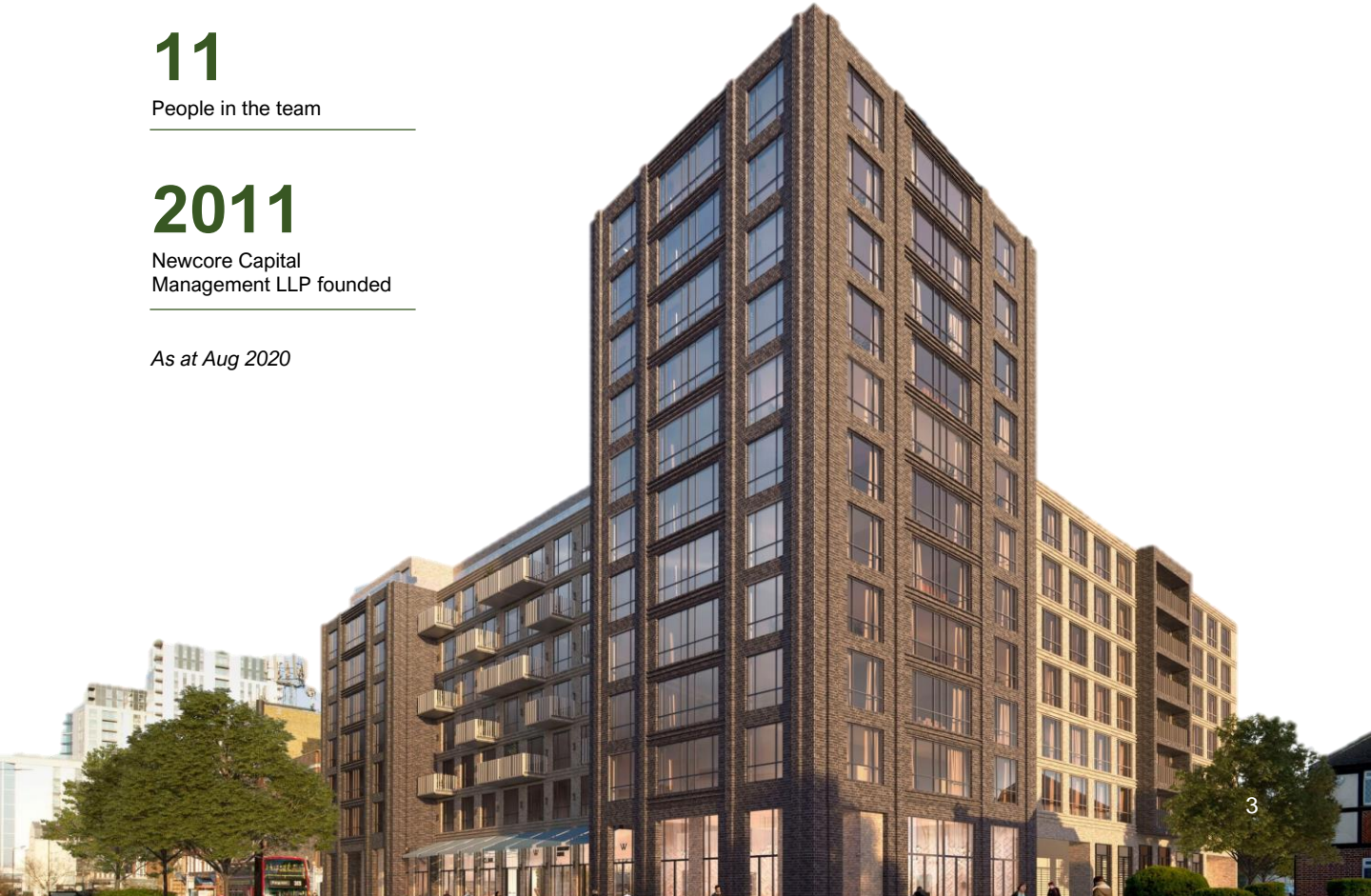
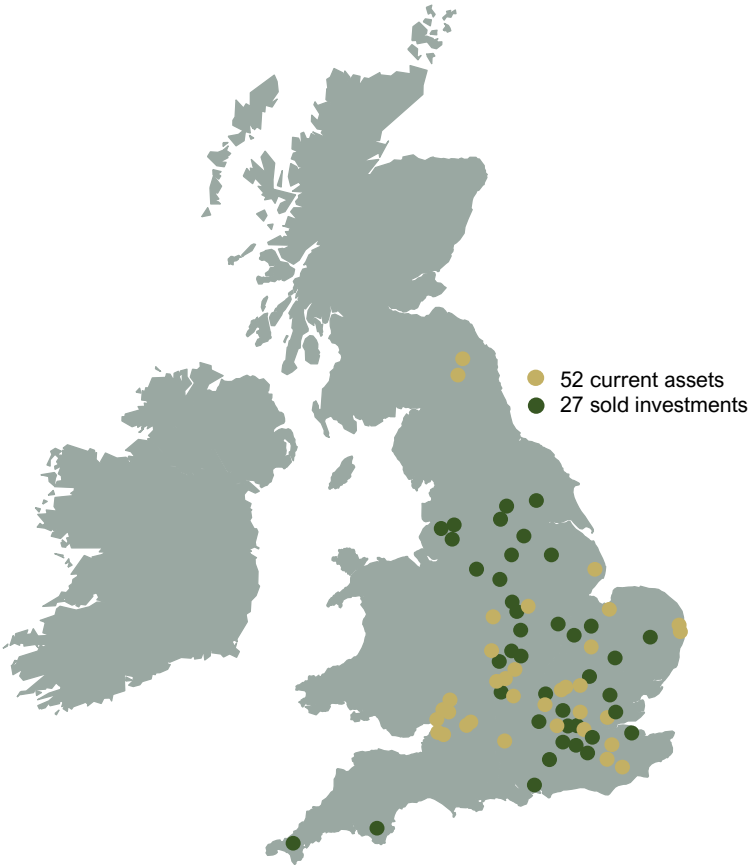
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People in the team

2011

Newcore Capital Management LLP founded

As at Aug 2020



Our Mission Statement

“Newcore’s mission is to deliver first-class results for its stakeholders: through the highest quality investment management, business process and corporate governance; with a moral and progressive culture; and upholding the highest standards of environmental and social responsibility.”



A Short Introduction



Newcore is a specialist in the regeneration of social infrastructure in the UK. At its outset, the business began by raising capital and investing this solely for profit, in wealthy areas – focussing on healthcare, education and other similar asset-backed strategies.

Soon after however (probably around the time of the Brexit referendum in June 2016), we realised that if we do not do something practical to close the social divide that was starkly revealed in that referendum, then we are seriously missing the point, if all we are doing is making money for our investors and ourselves out of these sectors.

As a result, we have decided to devote 10% of our annual profits, alongside our time and effort to social and environmental causes. The partners are encouraged to dedicate up to 10 hours a week to not for profit activities.

Newcore supports different charities linked to social infrastructure (healthcare, education, security), on a two-yearly rotation. To date we have raised close to £100k for both the Clink (prisoner rehabilitation) and Aspire (homeless into work programme). Our charity for the next two years (2020/21) is the Aldridge Foundation, which supports the education of disadvantaged children at its academy schools and inspires them towards their true potential. As well as raising money for this charity, Newcore is supporting the Foundation *pro bono* with its asset management for some of the 12 schools that it owns, to establish additional forms of income for the Foundation and Academy Trusts' benefit.

In dedicating specific time to pro bono work, our first project is in working with on the regeneration of the Holy Family Church in Black Bird Leys. This suburb of Oxford is in the bottom 10% of the UK in terms of poverty, with four times higher unemployment than average in the city. Newcore has dedicated its time and money (£200k, to date), in preparing and submitting an application to the council for the regeneration of the church to allow it to continue to be the heart of the community.

Finally, as of December 2019, our staff will now be appraised each year on ESG objectives and this, together with their individual performance and the performance of the business, will go towards determining end of year and longer-term bonuses.

Hugo Llewelyn
CEO, Newcore Capital

A snapshot of some of our impact

£60k raised for Glassdoor
homeless sleep out
2014-15

£100k raised
for The Clink
2016-2017

£84k raised
for Aspire Oxford
2018-2019

Newcore hosts its own take
on an impact conference
2019

Planning submitted on
pro bono regeneration
of Blackbird Leys, 2019

Newcore begins measuring
impact of Fund IV, 2019

Aldridge foundation
selected as charity
for 2020-2021

Newcore becomes a
Certified B Corporation, 2020

2020 Objectives

Newcore's overarching intention is to use business as a driving force for good. We believe we can do this by leading by example and showing our industry that it is possible to balance profit with purpose.

Some of the ways in which we believe we can do this are as follows:



Profit

As of January 2020, Newcore has formally committed to donating 10% of its annual operational profit to charity. This money, will be donated to Newcore's charitable foundation and used to support the causes outlined below.



People

Newcore commits to continuing to promote the message that capitalism and doing good do not necessarily need to be mutually exclusive. This can be through representation on panels, articles, interviews or the conferences that we host.

Newcore has selected the Aldridge Foundation (page 14) as its chosen charity for the next two years and hopes to raise £100,000, alongside providing our asset management skills to help create income to support the charity, from their existing schools' estate.

Newcore encourages its partners to devote up to 10 hours of their time a week, on a pro bono basis, to social and environmental causes (e.g. the regeneration of the centre of Blackbird Leys page 9).



Planet

Newcore commits to understanding and measuring Newcore's own carbon footprint, before working to minimise and mitigate this. By the end of 2020, we commit to reporting externally how we will, or already have, reduced our impact on the planet.

Our objective for 2021 will then be to understand the footprint of the assets that Newcore manages, to identify ways to minimise our impact on the planet.

Becoming a Certified B Corporation



In July 2020, Newcore became a certified B Corporation, joining a growing group of companies reinventing business by explicitly committing to pursue purpose as well as profit.

Newcore is one of a handful of fund managers globally and the only dedicated social infrastructure specialist in the UK to have been awarded this accreditation. Newcore has been certified by B Lab, the not-for-profit organisation behind the B Corp movement, as having met rigorous social and environmental standards which represent its commitment to goals ranking as more important than shareholder profit.

The B Corp certification addresses the entirety of a business's operations and covers five key impact areas of Governance, Workers, Community, Environment and Customers. The certification process is rigorous, with applicants required to exceed B Corp's ESG (Environmental, Social and Corporate Governance) benchmark, while providing clear evidence of socially and environmentally responsible practices relating to energy supplies, waste and water use, worker compensation, diversity and corporate transparency. To complete the certification, the firm will legally embed this commitment to purpose beyond profit in its LLP deed and also commit to give, through its foundation, at least 10% of its profits each year to charities linked to the social infrastructure sectors in which it is involved, which include education, healthcare and environmental science.

Newcore is now part of a community of more than 3,400 businesses globally which have certified as B Corps. The B Corp community in the UK, representing a broad cross section of industries and sizes, comprises more than 330 companies and includes well-known brands such as The Guardian, innocent, Patagonia, The Body Shop, and organic food pioneer, Abel & Cole.

For more information on B Corporations, please visit their website: <https://bcorporation.net/>

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Newcore's score

SCORE BREAKDOWN

	Governance	11.8
	Workers	34.8
	Community	31.9
	Environment	6.4
	Customers	27.2



Neil Sarkhel
COO, Newcore

"Newcore is delighted to have been certified as a B Corporation. The certification process is rigorous and a true benefit of gearing up for the assessment, is that it helps focus one's mind and formalise your firm's policies and governance around ESG."

"I would highly recommend that any business interested should register for the B Impact Assessment (which is free) to see how they score. It will highlight areas of strength and also those, which can be improved upon."



Working Pro Bono: Blackbird Leys



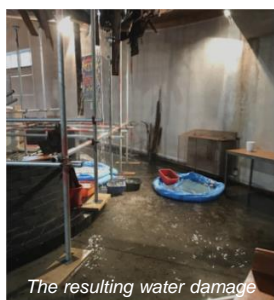
Regenerating the heart of a community



The Holy Family Church is referred to as the beating heart of the community. It allows its space to be used for services that are key to local society alongside religious practice. These services experience an under provision of local government funding. The services include drug rehabilitation groups that support local people and mediation services that help work through conflict.

The church also hosts the Guides, Brownies and Rainbows, providing an important outlet for girls and young women, supporting their development as individuals and their involvement in the community.

In 2018, it was found that the roof of the church was severely rotten and perilously dangerous; and that a replacement would cost well over £2m – and still not be fit for purpose. As a result, the building was condemned. Whether one is religiously-minded or not, the community has lost a central piece of its social infrastructure.



Working Pro Bono: Blackbird Leys



What Newcore is doing

Working on a completely pro-bono basis and with generous help from the project team (bottom left), we have co-ordinated and submitted a planning application for the redevelopment of the church, thoughtfully conceived by our architects, Yeates Design. The scheme includes a comprehensive redevelopment of the church & community centre alongside the creation of 20 new apartments and a new vicarage.

The profit generated from the sale of the land with planning for the apartments will be used to fund part of the shortfall for the redevelopment of the church and community facilities. A further £3m is required to fund the project to completion. The planning application was submitted in January 2019 and is expected to be determined by December 2020, after which the 18 month works programme will commence, assuming it is granted.

The project team

Working pro bono, or at cost



Creating true and sustainable social impact

The redevelopment of the site will allow the church to continue to expand the positive social impact it has on the wider community – a “co-worshipping” space, perhaps, in modern parlance (and providing support to all who want it, irrespective of their religious views).

The quality of the amenity spaces available for the community spaces will be greatly improved. This will provide the excellent and dedicated team working there with facilities to help an even greater number of people, for example:

- Flexible space for drug outreach, prison gate & credit union
- Incubator space for young local entrepreneurs (managed by Aspire)
- A community hall, creche and girl guides
- A community café.

The scheme itself is purposely designed to provide income at affordable rents to support the future maintenance costs of the building. We believe that the newly developed church and residential apartments in the centre of Blackbird Leys will pump-prime the wider regeneration of the area, providing a focal point for which the wider mooted council-funded scheme can be built upon; and we have been liaising with Catalyst, the council's housing partner here. Additionally we are working with Homes England to try to secure a grant allowing the housing stock to be affordable/social housing for rent.

Charity Partnerships

Since Newcore was established in 2011, it has helped support a number of different charities linked to social infrastructure (homelessness, education, societal inequality, prisoner rehabilitation).

More recently this support has become more formalised by having a two-year partnership system. Team members are encouraged to put forward charities that they would like to support and a vote is then held to decide on the chosen charity.

To date we have raised close to £275k for charity partners. These charities work across a range of services. The logos to the right represent the charities that we have supported today and in the past.

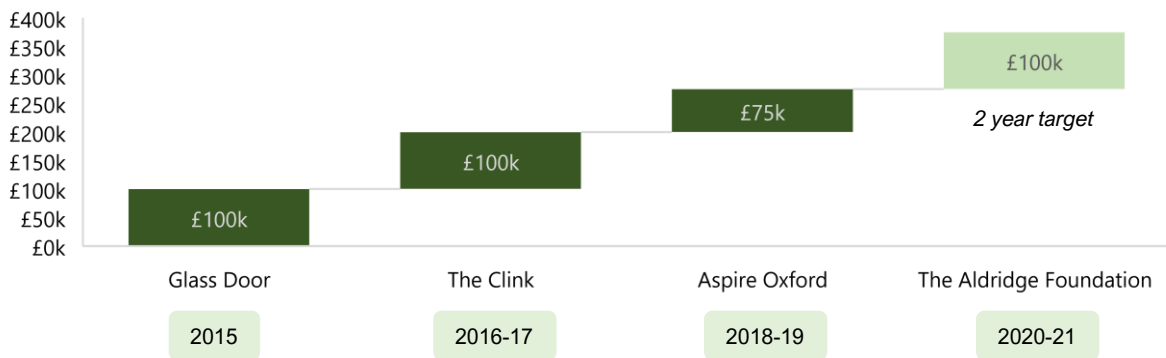
Our chosen charity partner for 2020-21 is the Aldridge Foundation which supports the education of disadvantaged children at its academy schools and inspires them towards their true potential. We have set a target fundraising amount of £100k.

As well as raising money for this charity, Newcore is supporting the Foundation pro bono with its asset management of the 12 schools that it owns, to establish additional forms of income for the Foundation and Academy Trusts' benefit.

Our charity partners:
past and present



Newcore's Fund Raising Efforts





THE CLINK CHARITY

The Clink is a prisoner rehabilitation charity that aims to break the cycle of crime by changing attitudes, creating second chances and reducing reoffending rates. One of its prime initiatives is the restaurant and training kitchens at HMP Brixton, HMP Cardiff, HMP High Down and HMP Styal. Each prisoner working in one of the Clink Restaurants studies for accredited NVQs in food preparation, food service and cleaning.

Whilst working in a Clink Restaurant prisoners gain experience within an operational business and receive in-depth guidance to find full-time employment within the hospitality industry upon release. Clink Graduates are 49.6% less likely to reoffend having been through the programme.

Newcore helped raise £100,000 for the Clink via a number of events including a black-tie dinner; at which the food was prepared by serving prisoners and served by graduates of the training schemes, and a break-for the border race (participants had 24 hours to get as far away from central London as they could, using only £15 and their resourcefulness. The furthest distances were Amsterdam and Scotland and Newcore raised £30k from the event).

Further to financial support, Newcore assisted with organising two Christmas carol services at St Luke's & Christ Church, Chelsea.



£100,000 raised



Black-tie dinner
(>300 guests)



Break-for-the-border



2x carol services



2016 - 2017



Since 2001, Aspire has aimed to tackle the most complex social issues in Oxfordshire. The charity supports vulnerable local people into and towards employment and housing, as the most powerful way to break the complex cycles of homelessness, re-offending and poverty.

Aspire tackles these complex social issues through its unique enterprise model, running social businesses which offer professional facilities management services to local councils, businesses, academic institutions and private customers.

Aspire work with over 2,000 vulnerable local people across ten different client pathways and achieve outstanding social impact throughout Oxfordshire, Buckinghamshire and Milton Keynes.

Newcore helped raise £75,000 through a number of events including a 27 mile kayak challenge and a London to Paris cycle ride.

Newcore provided the use of Yarnton Garden Centre, one of its assets under management, for a Christmas dinner for 100 Aspire clients.



£75,000 raised



Kayak marathon challenge



London to Paris Cycle



Christmas dinner for the Homeless (>100 guests)



The Kayak Marathon

2018 - 2019



Sir Rod Aldridge launched the Aldridge Foundation in 2006 after retiring from Capita Plc.

The Foundation is a charity that aims to inspire and equip young people with the skills they need to take control of their futures, to create better academic, work and life pathways, experience greater social mobility and lead productive lives.

These commendable goals are achieved by supporting, funding and developing a range of interlocking programmes in partnership with like-minded organisations.

Newcore have pledged to help raise £100,000 for the foundation. During the partnership period a number of events will be held including a fundraiser dinner and a 5-aside football tournament.

Newcore will also be supporting the Foundation *pro bono* with certain asset management projects for the 12 schools that it owns, to establish additional forms of income for the Foundation and Academy Trusts' benefit.

Our 2020-21 Objectives



£100,000 target



Fundraiser dinner



5-aside football tournament



A selection of some of the Aldridge academies

2020 - 2021

Our Conference 2019



Using business as a force for good



Dr Scilla Ellworthy

Scilla is a three-time Nobel Peace Prize nominee for her work in conflict resolution and nuclear weapons policy-making.

Scilla delivered the key note address at Newcore's 2019 conference and provided insights from her experience in conflict resolution to demonstrate ways in which we can build support in our industry to reduce societal inequality.

In November 2019, Newcore organised its second conference at the Wellcome Collection to advocate for a greater emphasis on positive social and environmental change within the real estate industry.

The conference was attended by 120 selected senior professionals, which included fund managers, investors and other associated professions (e.g. lawyers, architects and surveyors).

Newcore pulled together outspoken champions of social and environmental change to present and debate the degree of 'impact-washing' within the industry and how to bring through genuine change.

The conference was titled:

Is the UK property and fund management industry doing enough to deliver real social and environmental impact; or really just paying it lip-service?

An excerpt of the introduction of the conference:

"We at Newcore are concerned that parts of the property, housebuilding, fund management and social infrastructure industries are using "environmental and social impact" as marketing tools to raise money to continue their purely for-profit purpose; and that we could all do with some fresh thinking around our wider engagement with societal and environmental issues, in ways mutually beneficial both to business and wider society's interests.

The purpose of the conference therefore is to have a "no holds barred" session on this topic, compered by BBC Radio 4's business editor Dominic O'Connell, with a fantastic line-up of speakers giving their own experienced and often alternative perspective on the subject."



The Pro Bono Challenge: lobbying for positive industry action



Liz Hamson,
Editor, Property Week

"As Newcore's principal and managing director Hugo Llewelyn noted in his comment piece last week and reiterates in our double-feature special on social impact this week, there is precious little evidence that the raised awareness of the importance of social impact has yet translated into meaningful action from the industry."

"Be kind, Be the solution."
21 February 2020.
Property Week

**Property
Week**

In September 2019, Newcore and Property Week (a leading UK property news website and weekly publication) came up with the concept of The Pro Bono Challenge. The idea of this is to encourage firms operating in the industry to come forward with the pro bono projects that they are working on. The projects would then be held on a central repository, which would be promoted by Property Week.

The positive promotion is intended to highlight firms that are having a meaningful social impact and encourage others to join in. Once at scale, it would also serve as a pro bono market place to allow professions (such as architects, lawyers and building surveyors) to volunteer their skills to pro bono projects in their local area.

An example is Newcore's pro bono regeneration project in Blackbird Leys where our architects, building surveyors, planners and environmental consultants have banded together to work pro bono, or at cost, on the project, pump-primed by Newcore.

The original intention was to launch the project in January 2020, but after receiving only 7 applications, Newcore and Property Week separately wrote articles calling out the lack of support from industry and further potential applicants have now come forward.

Both Newcore and Property Week are continuing their push to garner support, as the initial lacklustre response is the very reason The Pro Bono Challenge support was created, to challenge those in industry to do more for the communities in which they operate.



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