



Artist: Melissa Jacobs

Impact Report
2020/2021

CONSCIOUS
INVESTMENT MANAGEMENT

Acknowledgment of Country

Conscious Investment Management acknowledges Traditional Owners of Country throughout Australia. We pay our respects to Aboriginal and Torres Strait Islander Elders past and present. We acknowledge that many of our investments exist on traditional lands where Aboriginal and Torres Strait Islander people have lived for many thousands of years. We honour their ongoing connection to these lands and strive to respect the traditional custodians in our work.

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Reflections on the Past Year

A Message from Conscious Investment Management

Dear Reader,

The past 18-months have been like no other. The sheer scale of the impacts of COVID-19, as well as the examples of extraordinary adaptability we have all experienced, means that this period of our lives will be remembered as one where everything changed.

The coronavirus has reinforced our understanding that the impacts of social challenges fall disproportionately on our most vulnerable. We are also reminded that, like a pandemic, climate change can accelerate exponentially, and will have far reaching consequences for our planet and society if left unchecked.

Great learnings come from misfortune. The world and in turn markets will be better for the unprecedented shift in capital markets towards responsible investments. Companies are making net zero emissions commitments, and investors are demanding ESG

improvement throughout their portfolios. Governments are increasingly willing to engage with private capital to address social and environmental challenges, and new models of investing with purpose are being developed.

In this environment, we are proud to work with you to build a portfolio of investments that despite global market uncertainty has been financially resilient, but importantly, also has achieved deep positive impact. Together, we are all furthering the practice of impact investing, and transitioning the scale and power of capital markets to have a positive social and environmental impact.

We hope you enjoy reading this report and, as always, thank you for your ongoing support.



Matthew Tominc

on behalf of the Conscious
Investment Management team

OUR EXECUTIVE TEAM



Adam Gregory

Executive Chairman /
Board Director & IC



Alex Debney

Partner



Casey Taylor

Director



Edward Ring

Associate



Matthew Tominc

Chief Investment Officer /
Board Director & IC



Nicole Roebuck

Director



Tenielle Jordan

Director

OUR BOARD AND INVESTMENT COMMITTEE



Giselle Roux

Investment Committee
Member



Kate Temby

Investment Committee
Member



Paul Sundberg

Investment Committee
Member



Radek Sali

Board Director



Richard Price

Investment Committee
Member

Executive Summary

Conscious Investment Management ("CIM") exists to make investments that deliver a positive social or environmental benefit, alongside market rate financial returns. We focus on investing in housing, solar, and social impact bonds. Our portfolio creates additional, measurable, and positive impact.

IMPACT INVESTMENT OVERVIEW	<i>Specialist Disability Accommodation</i>	<i>Distributed Solar</i>			
	5 IMP* Score	Contribute to solutions	4 IMP Score	Contribute to solutions	
<i>Victorian Social and Affordable Housing</i>	<i>Seniors Housing</i>	<i>Affordable Housing</i>			
5 IMP Score	Contribute to solutions	3 IMP Score	Benefit stakeholders	3 IMP Score	Benefit stakeholders

0-2

Act to avoid harm = score between 0 and 2

2.1-3.4

Benefit stakeholders = score between 2.1 and 3.4

3.5-5

Contribute to solutions = score between 3.5 and 5

*Impact Management Project. Discussed in detail on page 15.



3,022

MWh of renewable energy generated or fossil fuel generation avoided

Equivalent to **2,568 tonnes** of atmospheric carbon emissions saved or **10,249 trees** planted

2,441

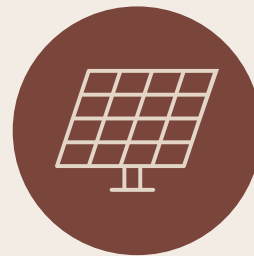


Provided mezzanine financing for 2,441 affordable housing dwellings*



177

Social and affordable housing dwellings financed



48

Distributed solar assets financed



44

Seniors housing dwellings financed*



84

Disability apartments financed

*CIM has invested alongside a syndicate of investors, with the numbers shown on this page representing CIM's pro rata share of assets

About Us

CIM is an independent impact investment fund manager. We were founded in 2019 with a vision to unlock the power of mainstream investment markets to fund assets that create positive social and environmental impact.

We do this by designing, structuring and making investments into assets that address some of the largest global challenges relating to environment and climate, health and education, and social infrastructure.

We are focused on real assets, typically with contractual cash yield, and biased to sectors with government as a long-term counterparty. We have invested capital in a range of sectors – from social and affordable housing and Specialist Disability Accommodation ("SDA"), to renewables, and social impact bonds.

CIM has ~\$250m under management from a range of investors including high net worth, charitable foundations and institutional investors. We manage a diversified flagship fund, The Conscious Investment Management Impact Fund, alongside a number of asset class specific funds.

CIM by the numbers (since inception)



\$238m

asset value of impact investments made*



414

investors incorporating impact investment in their portfolios



8

impact partners supported



8 Sustainable Development Goals addressed



8

impact investments



5

new impact investments in FY21

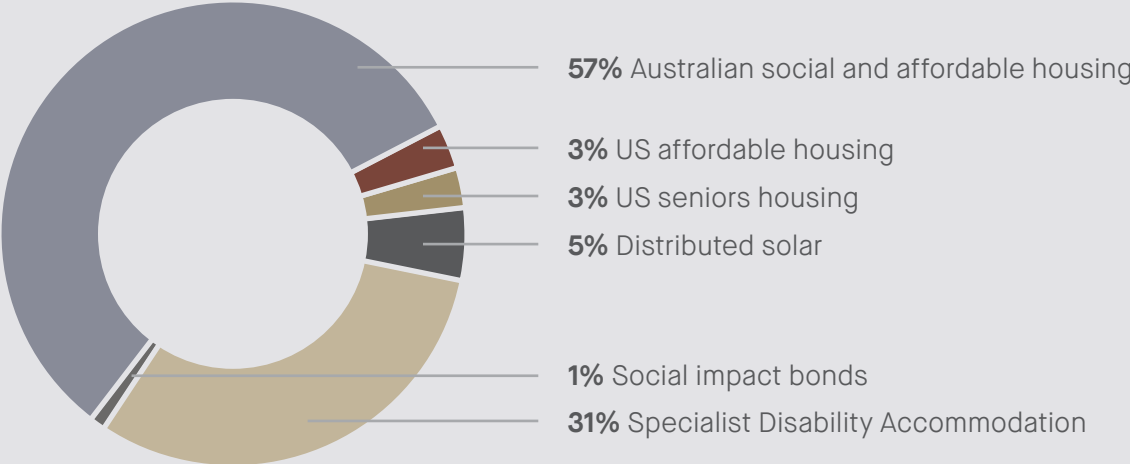


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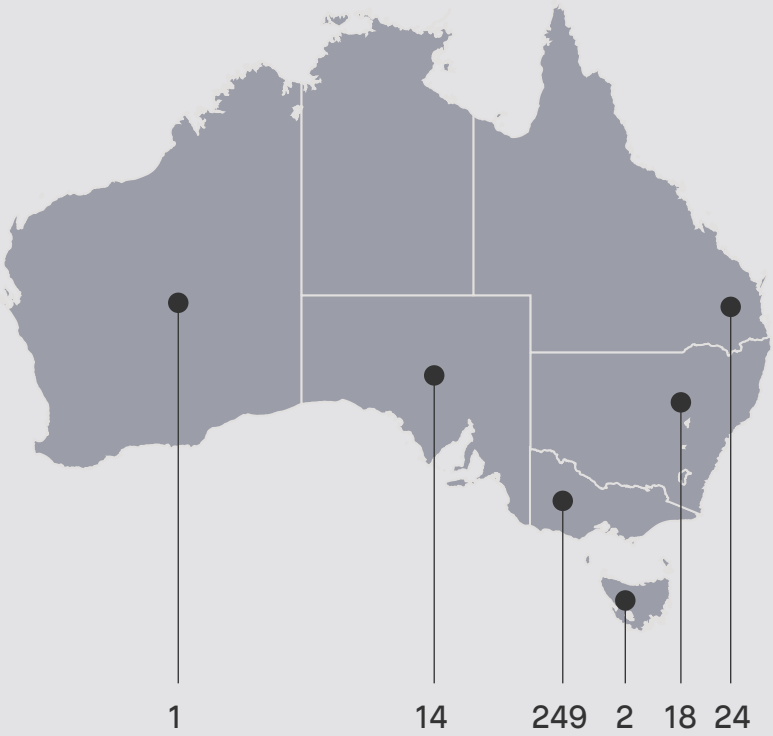
coverage ratio of fund holdings

*As at 30 June 2021

Portfolio Composition*



Asset Locations



	●	●	●	●
VIC	52	177	19	1
NSW	-	-	18	-
SA	10	-	3	1
WA	-	-	1	-
TAS	-	-	2	-
QLD	22	-	4	-
TOTAL	84	177	47 [†]	2

	●	●
USA	44 [^]	2,441 [^]

- Disability apartments
- Social housing apartments
- Solar assets
- Social impact bonds
- Seniors housing apartments
- Affordable housing (mezzanine financing)

* Includes all CIM managed funds
[†] Does not reconcile with page 35 as we exited one asset
[^] CIM has invested alongside a syndicate of investors, and has therefore only partially funded these assets

Investment Strategy

At CIM we believe assets that have fundamental social and environmental value can also deliver stable and defensive financial returns. Our approach to combining both impact and investment is to use our “Impact Partner” model.

1

First, we collaborate with our Impact Partners to understand peoples’ and society’s needs in our investment sectors. Our team works with not-for-profits or organisations that have frontline experience with the challenges we are seeking to address; ensuring we are led by those with lived experience.

2

Once we have clearly identified the opportunities, we bring our impact investing experience and investment capital to structure, due diligence and invest into assets that address these needs.

3

To have the greatest impact, we work closely with our Impact Partners in the ongoing management of our assets. This ensures our investments deliver the positive social and environmental impact we intend.



04

Our Impact Themes

Our impact themes were chosen because they are areas that we believe will benefit from profit-seeking capital, have actionable investment opportunities, and attractive financial returns.





Environment & climate

Climate change is now affecting every country on earth, disrupting national economies, and impacting lives.

The evidence behind the need to take urgent action is stronger than ever. The good news is that affordable and scalable solutions exist that will enable people, businesses, and countries to quickly transition into being clean and resilient.

Corresponding UN Sustainable Development Goals



Health & education

An ageing population, rising levels of obesity, and dramatically increasing property prices globally are straining public services.

Health, housing, and education are fundamental human needs. Improving access for individuals in-turn improves their wellbeing, self-worth, and ability to take greater control of their lives.

Corresponding UN Sustainable Development Goals



Social infrastructure

Both our society and the notion of democracy more broadly are built on the idea that all people should share in economic progress.

Despite a time of unprecedented economic growth, many people in Australia and globally are being left behind. Sustainable economic growth means all should benefit from development equitably – housing, jobs and, economic access.

Corresponding UN Sustainable Development Goals



Impact Measurement Methodology

CIM exists to make investments that deliver a positive social or environmental benefit. We can only manage the impact that we can measure, and so it is essential that we have a thoughtful approach to impact measurement.

Impact measurement is a relatively nascent sector. Measurement practice is evolving, with an alphabet soup of acronyms and approaches being thought up globally by some very smart thinkers. While there is currently no single accepted framework (such as GAAP in the accounting world) for measuring impact, there are some widely used methodologies. We strive to leverage the best current thinking and conform with global best practice, but also ensure that we practically complete impact measurement in the right way for our investments.

As the impact investment industry becomes more mainstream, thoughtful and accurate measurement is more important than ever.

We believe the following should underpin an effective impact measurement framework:

- investors should be clear about their impact investment thesis and define relevant metrics at the outset;
- investors should always take a conservative approach to assessment of impact;
- investors should be transparent and hold themselves to a high level of accountability, which includes assessment of potential unintended adverse consequences from an investment; and
- investors should not let the challenges of impact measurement stall investment and the creation of great social or environmental impact.

How do we measure impact?

Our impact measurement methodology uses Impact Management Project ("IMP") as the overall framework, which considers the impact achieved across five dimensions: what, who, how much, contribution, and risks.

We align with the relevant United Nations Sustainable Development Goals and layer in the Global Impact Investing Network's ("GIIN") Impact Reporting and Investing Standards ("IRIS+") metrics for each impact dimension of IMP.

1

Identification of the challenge

We identify a social or environmental challenge that our capital could help solve. While there are many opportunities to deploy capital in an impactful way, we focus our attention on three impact themes – environment and climate, health and education, and social infrastructure. Each investment must fit under one of our impact themes and each impact theme has associated Sustainable Development Goals.

2

Phase 1 review

Before making an investment we use our CARES framework (see figure 1) to identify any ESG or impact risks. The completed framework forms part of an investment paper that is presented to our independent Investment Committee ("IC") for approval.

3

CIM solution

As we progress the opportunity further, we refine our view on how the investment would contribute to the solution of the identified challenge. We put a particular focus on outcomes over outputs. For example, in addition to simply measuring the number of beds of affordable housing we finance (the output), we also consider the direct impact building affordable housing has on our society (the outcome). We consider this across the five IMP dimensions below:



What

What outcome(s) do the investment activities drive?



Who

Who experiences the outcome?



How much

How much of the outcome occurs in terms of scale, depth, and duration? We assign measurable key performance indicators ("KPIs") and using IRIS+, we select the metrics that will best track the outcomes required to contribute to the solution of the identified challenge.



Contribution

What is the additionality of our investment? Additionality is making something happen that otherwise would not.



Risks

What is the risk if the impact does not occur as expected?

4 Impact assessment

After these key considerations have been identified and assessed in detail, we assign each of the five IMP dimensions a score between 1-5, with 5 being the best score. We take the average of these five scores to achieve our project assessment score. The project assessment score corresponds with one of the three categories below.

Score between



Act to avoid harm:

Prevents or reduces significant effects on important negative outcomes for people and planet.

Benefit stakeholders:

Not only acts to avoid harm, but also generates various effects on positive outcomes for people and the planet.

Contribute to solutions:

Not only acts to avoid harm, but also generates one or more significant effect(s) on positive outcomes for otherwise underserved people and the planet.

5 Review and ongoing management

We continue to review and analyse an investment's impact throughout the life of the investment. Once we initially score our impact for each investment, we conduct periodic reviews to understand if any improvements can be made to better the impact moving forward.

CIM's CARES impact measurement and assessment framework

C	Conscious	We will assess and measure impact and ESG considerations with the same level of rigour and authenticity that we assess the financial aspects of an investment.
A	Actionable	We will define impact 'outputs' that will be measured for all investments. These will be pragmatic, authentic, and capable of ongoing completion.
R	Relevant	Our impact and ESG assessment will be thoughtful and bespoke for each investment, accounting for the specifics of an investment – its industry, supply chain, and potential negative consequences.
E	Effects	'Outcomes' are as important as outputs. As part of our measurement and reporting, we'll understand the next-level social and environmental effects of our investment, and report on these to our investors.
S	Scrutinise	We will regularly review our impact metrics to ensure they are the best measurement of the outcomes we hope to see.

Figure 1: CIM's CARES impact measurement and assessment framework





Image of SDA apartment building in Melbourne

INVESTMENT 01

*Specialist
Disability
Accommodation
(SDA)*



Image of SDA apartment building in Gold Coast | Image Credit: Peter Sixty

The challenge

Access to adequate, accessible, and affordable housing is a fundamental human right. People with disability have more complex living requirements, often resulting in higher costs associated with housing.

Historically, housing tailored for those with disability has been provided largely by government and the not-for-profit sector, with several challenges:

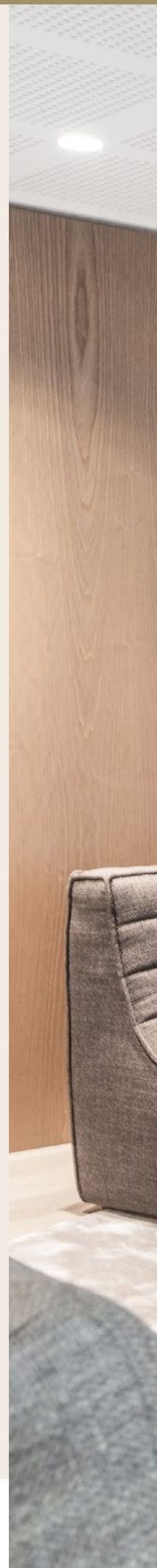
1. Insufficient capacity: there are lengthy waitlists for the limited supply of appropriate housing, resulting in a large number of people being unable to secure appropriate accommodation.
2. Ageing stock: around one quarter of existing stock requires replacement.
3. Outdated care models: large group homes with an institutional nature are no longer considered good practice.


In 2013 the Commonwealth Government introduced the National Disability Insurance Scheme ("NDIS") to address the challenges that surround living with a disability. The NDIS is a complex national reform aimed to shift away from a block-funded welfare model of support to a fee-for-service market-based approach. A guiding principle behind the introduction of the NDIS is the aim of providing people with choice and control.

One stream of the NDIS addresses housing directly – Specialist Disability Accommodation ("SDA"). Consistent with the approach of the NDIS, SDA puts the participant in control of choosing their home. SDA is housing that has been specially designed to suit the needs of people with disability who have an 'extreme functional impairment' or 'very high support needs'. This funding is only available to individuals living with the most acute disabilities – roughly 6% (or 28,000 of the 460,000 NDIS participants).

Prior to the introduction of SDA, there were a significant number of people with disability in housing that did not meet their needs. These inappropriate arrangements may have been:

- living in dated and no longer appropriate disability housing
- under 65 yet living in residential aged care or hospital
- living with ageing parents who can no longer provide supports
- living in inaccessible government housing that cannot be modified to ensure safety
- living in other housing not fit for purpose





It was clear there was a significant shortfall of appropriate SDA housing

Within SDA there are four categories of homes that can be provided – each tailored to tenants with specific requirements.

The payment structures to owners of SDA are set to compensate investors for the additional design and construction requirements to meet accessibility and support needs. This means payments for “High Physical Support” (as described in Table 1 below) are highest. This high headline payment has attracted significant investment, with investors potentially

ignoring or underappreciating vacancy risk. Importantly from an impact perspective, it also means that individuals with a classification at a lower level of disability are underserved by the market, with an insufficient number of “Improved Liveability” and “Fully Accessible” homes being financed and built.

Design Category	Improved Liveability	Fully Accessible	Robust	High Physical Support
Design summary	Includes a reasonable level of physical access and enhanced provision for people with sensory, intellectual, or cognitive impairment.	Includes a high level of physical access for people with significant functional impairment.	Must be built with resilient material that can reduce the risk of injury and disturbance, and cope with heavy use.	Designed for a high level of access. Includes all Fully Accessible requirements plus structural provisions for ceiling hoists and assistive technology.
Example to illustrate purpose of the design	An individual with blindness	Individuals with a reliance on a wheelchair for mobility	Individuals with complex behavioural challenges	Individuals with significant physical or cognitive disabilities

Table 1: SDA Design Categories



Image of SDA apartment building in Melbourne | Image Credit: Anthony Juchnevicius from Alpha Juliet Visuals

CIM solution



Health & Education

Sustainable Development Goal/s

Capital invested



\$75m

CIM believes that we can have the greatest impact in SDA by:

- 1 Financing the creation of disability housing that would not have otherwise been financed, with a focus on the specific design categories for which there is meaningful unmet demand;
- 2 Demonstrate models of investment that can be scaled by the market; and
- 3 Ensure all aspects of our investment – from design to tenant selection to the provision of supports – are conducted with best practice and are participant-led.

Consistent with our investment strategy, we invest once we have identified and partnered with an Impact Partner with the relevant expertise and capability to deliver high impact. Within SDA, we are fortunate to partner with Summer Housing, one of the leading providers of disability accommodation in Australia.

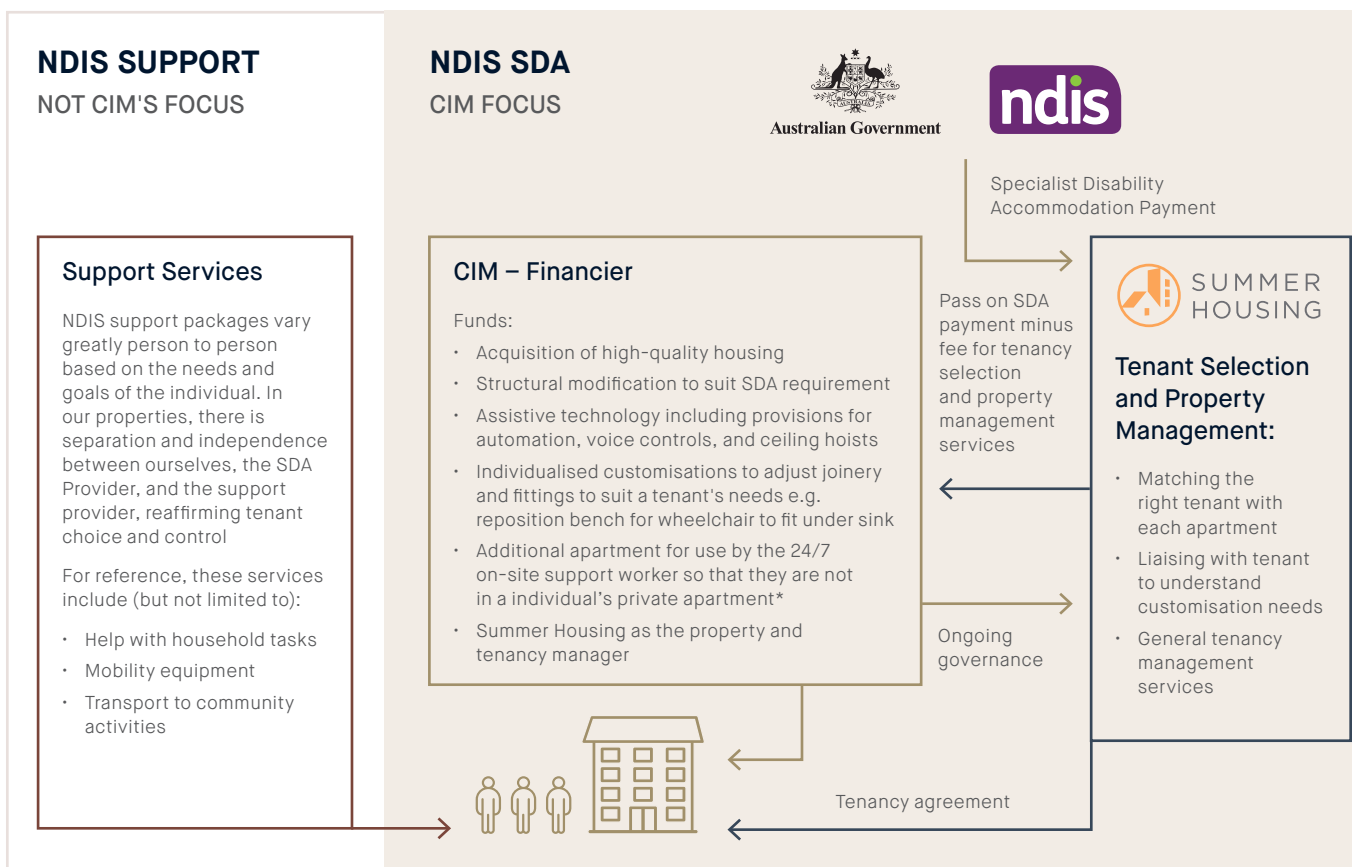


Figure 2: Outline of CIM/Summer Housing SDA structure

*Site support worker selected by tenant vote and does not replace the need for individual support worker (if required)

IMPACT PARTNER PROFILE



Summer Housing

Summer Housing is one of leading providers of disability housing in Australia. Their vision is for all people with a disability and complex care needs to have the opportunity to live in high quality housing that enables them to live as independently as possible, enhancing their health, wellbeing, and participation in the community.

Over the past few years, Summer Housing has acquired more than 400 new dwellings designed for people with a disability to provide accommodation to young people currently living in inappropriate housing, including in residential aged care.

Summer Housing was established in 2017 to replicate and scale the initial housing demonstration projects carried out by the Summer Foundation. Summer Foundation was established in 2006 and is a not-for-profit organisation with a mission to create, lead and demonstrate long-term sustainable changes that stop young people being forced to live in nursing homes because there is nowhere else for them. Summer Foundation's demonstration projects in VIC and NSW showed that people with disability were capable of living safely in the community in their own homes whilst being supported with their support staff located in a separate apartment – affording participants independence and privacy.

Summer Housing has expanded the 10 apartments plus one on-site support model to become the largest SDA provider in Australia. Its broad experience across property and tenancy enables Summer Housing to continually innovate to deliver the highest quality housing design to offer dignity and community inclusion.

Summer Housing and the Summer Foundation continue to work closely together through the sharing of expertise and collaboration on housing projects. As investors in the space, without lived experience, we benefit enormously from this expertise in ensuring we finance the most impactful projects.

Alongside Summer Housing, we focus on:

1

Quality of housing:

We have a desire to deliver the best quality SDA in Australia. There are two key considerations when we think about this:

- Location: All sites must meet strict location-based criteria that includes distance to public transport, services, shopping precincts, schools, and hospitals.
- Amenity: We focus on delivering the highest quality housing in the highest quality developments.

2

Service model:

CIM works with Summer Housing to identify the appropriate housing composition for each development. To date, the model for many of our SDA investments has been to finance 11 apartments in high quality residential developments. We use 10 for SDA housing and the 11th for an on-site overnight 'concierge' who can provide support to tenants. CIM provides governance and receives ongoing reporting from Summer Housing.

3

Design category selection:

We focus on delivering apartments in underserved design categories, to the maximum extent possible within our risk-return profile.

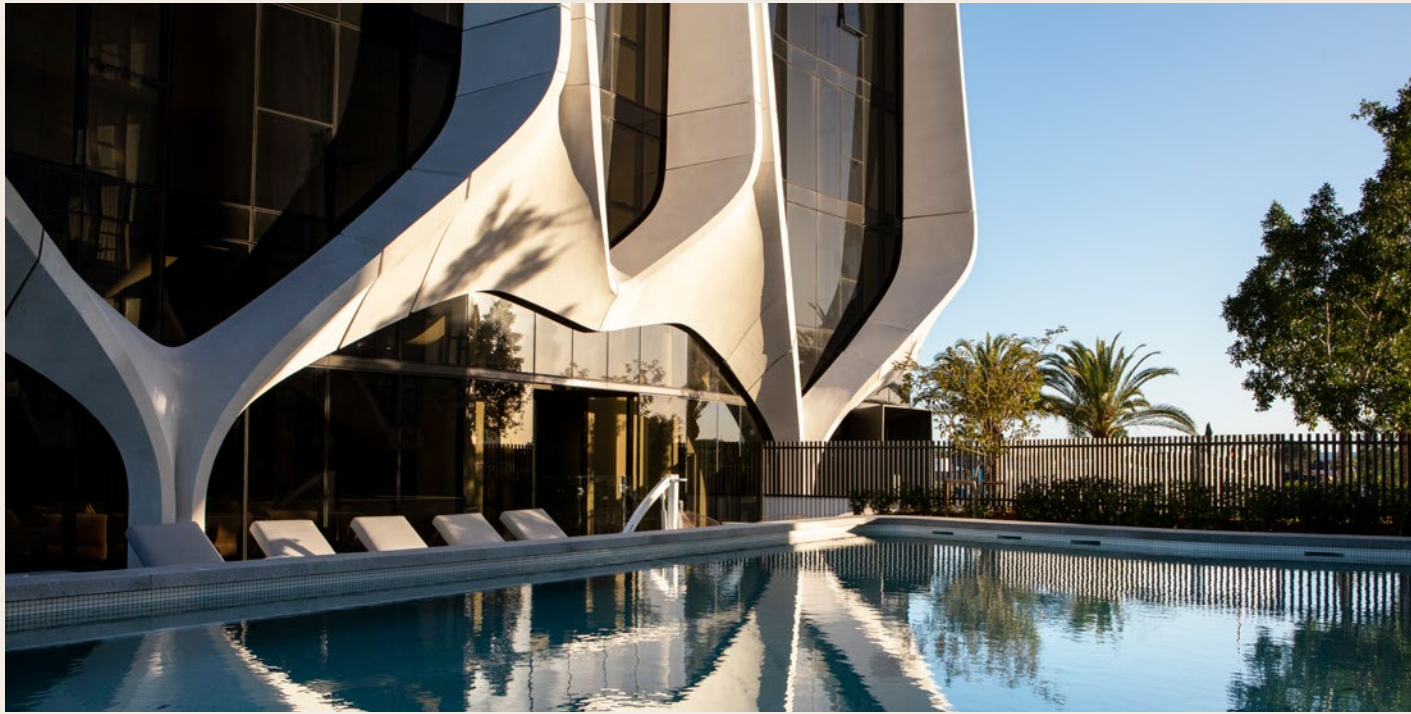


Image of SDA apartment building in Gold Coast | Image Credit: Peter Sexty

Impact assessment

In the past 12-months CIM has financed 84 new disability apartments around Australia.

We are proud of entering the sector by funding property types that we perceived were underserved by the market, including Fully Accessible apartments. CIM continued to invest through the market challenges resulting from the COVID-19 pandemic, which ensured that the pipeline of appropriate housing coming online did not slow.

	Improved Liveability	Fully Accessible	Robust*	High Physical Support	Total
Planning/construction	2	24	0	28	54
Delivered	0	14	0	16	30
Total	2	38	0	44	84

*Robust participants are unable to live in apartment buildings due to the nature of their disability

Table 2 – status of delivery by Design Category

IMP's Impact Dimension	Score	Rationale
What	5 ●●●●●	Highly customised homes for people with disability, coupled with best practice supports.
Who	5 ●●●●●	Individuals with disability. Focus on underserved categories within the SDA market.
How Much	Scale 5 ●●●●●	84 apartments, which is a large portfolio in the market.
	Depth 4 ●●●●○	Highly thoughtful customisation of homes, careful tenant selection, feedback and complaint policies, and the separation of housing and supports to promote choice and control.
	Duration 5 ●●●●●	Long term property access provided to our Impact Partner - Summer Housing, who has a track record of sustained tenancies.
Contribution	5 ●●●●●	Focus on underserved categories within the SDA market and continued investment during periods of market uncertainty.
Risk	4 ●●●●○	Key risks include vacancy, negative change in government policy or pricing, and risks around support provision to tenants. In the past year, these risks have been managed appropriately.
Project Assessment	4.6 ●●●●●	Contribute to solutions

The impact of an enterprise can be classified as:

- 1 ●○○○○○] Act to avoid harm = score between 0 and 2
- 2 ●●○○○○] Benefit stakeholders = score between 2.1 and 3.4
- 3 ●●●○○○]
- 4 ●●●●○○] Contribute to solutions = score between 3.5 and 5
- 5 ●●●●●●]



INVESTMENT SPOTLIGHT

Maintaining choice & control in SDA

A key objective of the NDIS is to enable people to exercise choice and control in the pursuit of their goals.

We have observed some practices in the SDA market, whereby the same organisation fulfils the role of SDA provider and disability support provider (Supported Independent Living, or “SIL”).

We believe this practice diminishes choice and control for NDIS participants.

If a support provider is not performing, the tenant may face challenges in replacing them – they instead might choose to look for a new house and bear the associated risks and challenges that entails. This may lead to tenants accepting sub-standard support provision to avoid housing stress.

We feel passionately that individuals should, in every conceivable scenario, maintain choice and control over where they live and who they receive support from, and our model is designed around this belief.

INVESTMENT 02

Distributed Solar



The challenge

There are significant changes occurring in how the world generates and consumes energy; changes that are necessary to offset past and ongoing greenhouse gas emissions into our atmosphere.

We are all familiar with the ongoing fight to contain climate change. After three decades of negotiation, the concerted push for emissions containment and reduction culminated in the Paris Agreement, which came into effect in 2016 and has been ratified by nearly two hundred countries. Progress since that landmark agreement has been mixed and – as the recent Intergovernmental Panel on Climate Change (“IPCC”) report showed – it is now code red for humanity.

Current levels of greenhouse gas emissions have already resulted in material changes to our planet, such as mountain and polar glacier ice loss, that will likely take millennia to reverse. If we continue down the same path, predictions indicate that climate change impacts will be catastrophic, putting enormous stress on whole countries and their economies.

Combating climate change is the defining global challenge of this century. It is also a unique challenge, in that it requires meaningful and focused cooperation and agreement between countries over the long-term.

Australia is experiencing the catastrophic impacts of climate change at an increasing pace.

The Australian Bureau of Meteorology has been tracking extreme heat events for over a century and their frequency and intensity is rapidly increasing (as reflected in Figure 3 to the right). The severe bushfires in 2019-20 were another stark reminder of the repercussions of repeated high heat events.



Combating climate change is the defining global challenge of this century.

Despite these findings, progress is being made on a global scale in the emissions reduction fight. Cooperation between countries via the UN Climate Change Conference occurs annually, and pressure is mounting on those that are falling behind.

Australia is one of the countries with some hard yards to go, but the Commonwealth Government has committed to reducing carbon emissions to 26- 28% below the nation's 2005 level by 2030. This is a step in the right direction and supports an increased focus on emissions reduction as our climate policy landscape evolves.

Number of annual days where Australian mean temperature is extreme

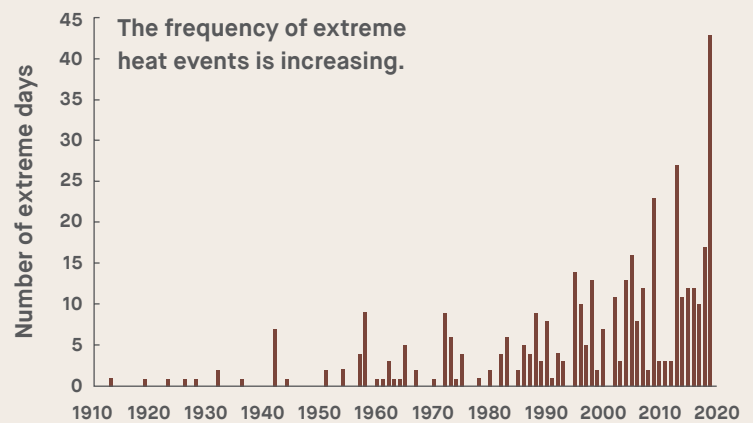


Figure 3 Source: CSIRO, BOM
Extreme days are those above the 99th percentile of each month from the years 1910–2017

Australia should be far more renewable.

If Australia is to meet the emissions reduction targets being set under its evolving climate policies, it is clear that a massive amount of capital will need to be contributed to sustainable impact investments. Further, given energy generation contributes to more

than two-thirds of global emissions, supplanting Australia’s largely coal powered electrical grid (Figure 4) with renewable energy is one of the best mechanisms for impact capital to drive positive change.

Percentage composition of energy use in each state and territory, by fuel type

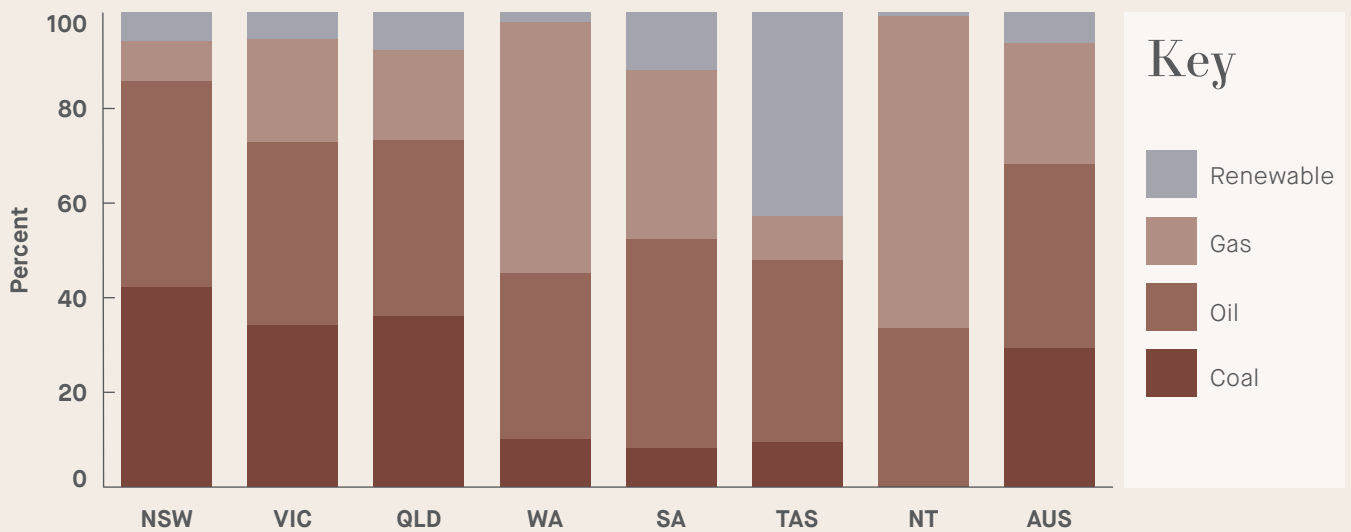


Figure 4: Department of Industry, Science Energy & Resources.

Of all renewable energy technologies, solar is the lowest cost and best understood, with a known impact profile. Australia is also highly suited to the technology with:

1. High solar resource – carbon payback for solar panels in most states is under two years (this is the time that panels must operate before they are neutral relative to their embedded energy from manufacture).
2. Typically long transmission distances – solar is the only form of renewable generation ideally suited to co-location at most energy consuming sites, e.g. via rooftop solar. As a result, under a truly distributed model there are no transmission losses, which occur when energy is transferred via energy grids from centralised power stations.

While solar performs highly in Australia and the environmental and financial benefits of solar are well understood, it is difficult for many operating businesses to directly access the solar generation market at scale.

Reasons for this may include:

- an uncertain government renewables policy landscape;
- prohibitive upfront costs;
- capital expenditure limitations;
- higher payback available through reinvesting cash into core operations;
- challenges with lease tenure properties (i.e. misalignment with landlords);
- an opaque market with unreputable solar installers; or
- simply, organisational inertia.

Consequently, there needs to be readily accessible private markets solutions available for businesses to decarbonise. That is why financing additional solar infrastructure for Australian businesses is a major contributor to CIM’s mission of using impact capital to drive environmental benefit.

CIM solution



Environment & climate

Sustainable Development Goal



Capital invested

\$10.5m

CIM has focused its decarbonisation efforts on the community and corporate sectors as they have experienced the slowest renewables uptake in Australia to date.

Across these sectors we believe we can drive the highest impact through:

1. Educating community, commercial and industrial groups on the benefits of and pathways to decarbonisation;
2. Ensuring solutions are available at scale so major businesses can access distributed solar;
3. Providing off-balance sheet financing for community assets and businesses to build commercial-scale solar installations; and
4. Delivering and managing our energy assets to a best practice standard over their lifetime.

Our strategy focuses on partnering with the best Impact Partners at the asset level who have aligned missions and expertise.

In the distributed solar sector we have two impact partners – Solar Bay and Green Peak Energy (“GPE”).

Our strategy with Solar Bay targets large commercial, industrial and government assets, while with GPE we focus on supporting community assets (such as schools and community centres) to decarbonise.



IMPACT PARTNER PROFILES



Solar Bay

Solar Bay was founded in 2016 with the goal of providing renewable energy solutions to commercial, government and industrial customers. They are now one of the leading distributed renewable energy project delivery businesses and asset managers in Australia.

The renewable technologies Solar Bay focuses on include solar energy systems, energy storage, waste to energy, microgrids, and hybrid power plants. Typical project sizes range between \$500,000 – \$2 million, with smaller per site projects often comprising part of multi-site portfolio rollouts for corporates.

Solar Bay is a values-aligned organisation delivering solar solutions at a scale that supports CIM in delivering our impact targets. In partnership with Solar Bay we focus on delivering long-term contracted distributed energy projects.



Green Peak Energy

GPE is a provider of on-site energy solutions to community, commercial and industrial customers across Australia.

GPE is currently focused exclusively on solar energy systems, with a core focus on community and commercial assets. Many of CIM's distributed solar investments alongside GPE are on schools and community assets.



Impact assessment




Since commencing our distributed renewables strategy in 2019, CIM has financed 48 distributed renewable assets around Australia. We are proud to have helped assets decarbonise across 38 Local Government Areas nationwide.

	Distributed solar	Distributed solar & microgrid	Total
Planning/construction	4	7	11
Delivered	35	2	37
Total	39	9	48

Table 3 – status of CIM's managed distributed solar portfolio.

IMP's Impact Dimension	Score	Rationale
<p>? What</p>	<p>4 ●●●●○</p>	<p>Providing access to onsite solar generation under long-term arrangements requiring no capital outlay and lower ongoing costs for those customers. Typical system sizes range between 99kW and 1,000kW.</p>
<p>👤 Who</p>	<p>5 ●●●●●</p>	<p>Businesses or community groups – including property owners and tenants, schools, and charities.</p> <p>One example from the portfolio to highlight stakeholder groups is a large shopping centre where there are two sets of target stakeholders:</p> <ol style="list-style-type: none"> 1. Landlords, who are usually major corporate property managers (often seeking to go net zero carbon under a multi-year strategy); and 2. Tenants, including anchor tenants, majors, and speciality retail businesses. Typically they have no available option to decarbonise their power profile without our solution (or similar).



IMP's Impact Dimension	Score	Rationale
 How Much	Scale 4 ●●●●○	48 distributed solar assets across 38 Local Government Areas. For context, this is a large portfolio.
	Depth 3 ●●●○○	3,022 MWh of renewable energy generated (or 2,568 tonnes of atmospheric carbon avoided). Thought of another way, effectively planted 11,173 trees.
	Duration 5 ●●●●●	Our solution is a long-term (typically 20-year) replacement of other largely non-renewable sources of energy.
 Contribution	4 ●●●●○	Without the solution we provide to partially transition to renewable energy, most counterparties need to either use (1) expensive debt financing, or (2) operating cashflow. Our track record to date shows it is an attractive option for businesses to commence transitioning to a cleaner and more sustainable operating profile.
 Risk	4 ●●●●○	Key impact risks include: <ol style="list-style-type: none"> Supporting equipment providers with negative impact supply chains (e.g. solar module manufacturers utilising conflict minerals); and Poor delivery of distributed solar to a customer, causing a switch back to primarily fossil fuel-powered energy. To date we have mitigated both these challenges by sourcing panels from responsible product stewards and not losing a customer. See following page for more information on risk (1).

 **Project Assessment**

4.1 ●●●●○

Contribute to solutions

The impact of an enterprise can be classified as:

1 ●○○○○○ 2 ●●○○○○ 3 ●●●○○○ 4 ●●●●○○ 5 ●●●●●●	} Act to avoid harm = score between 0 and 2 } Benefit stakeholders = score between 2.1 and 3.4 } Contribute to solutions = score between 3.5 and 5
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INVESTMENT SPOTLIGHT

Responsible production of Solar Panels

While the benefit of deploying solar photovoltaic (“PV”) panels for our environment is clear, it is also essential to ensure the panels were not irresponsibly manufactured and are not at risk of inappropriate disposal at the end of their usable life (generally 20+ years).

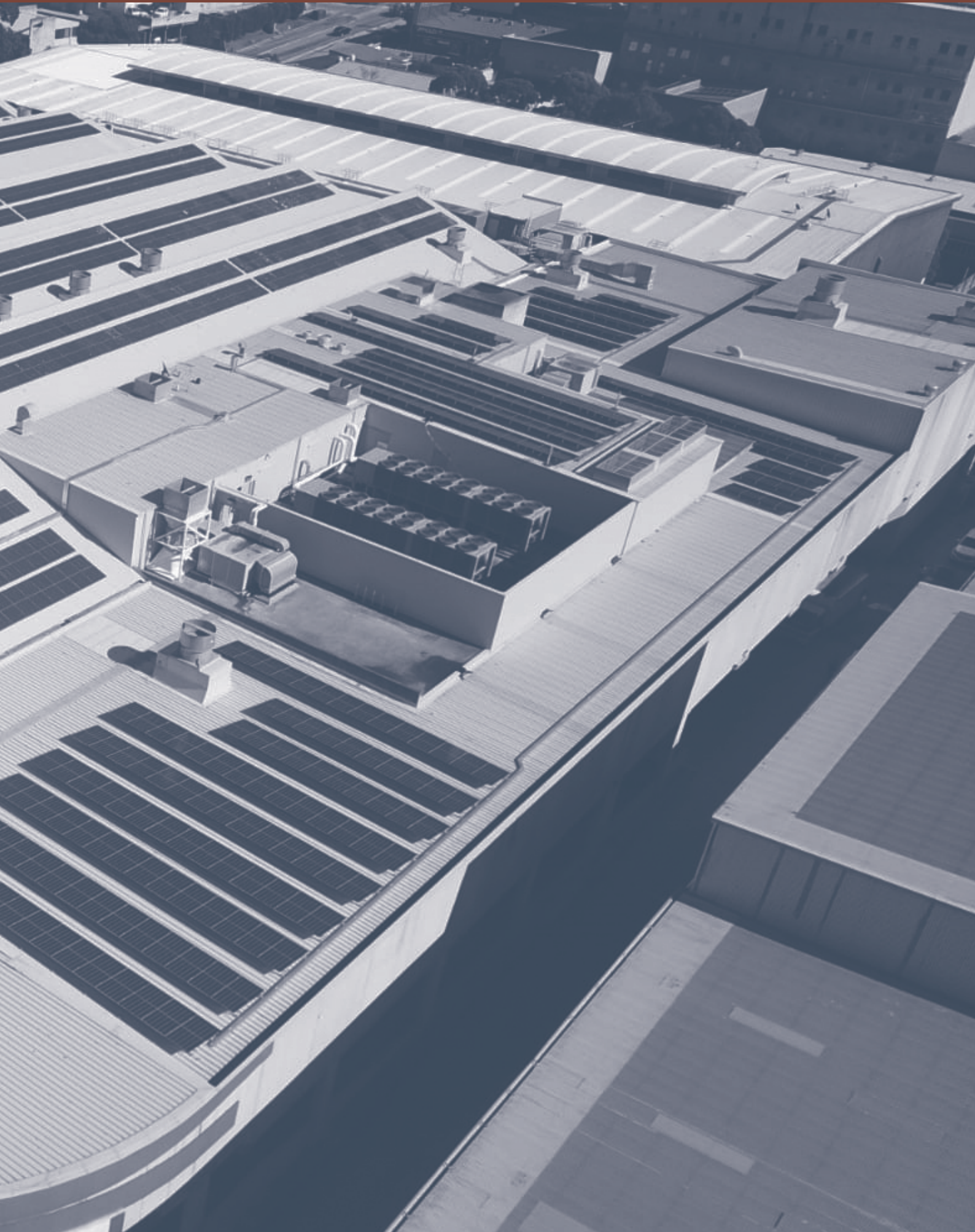
Solar PV panels contain a range of toxic chemicals such as lead, telluride and cadmium, and require careful recycling at end of life.

At CIM, we ensure our Impact Partners are sourcing panels from responsible product stewards. To assess prospective product providers, we use a scorecard that evaluates the provider's social and environmental track record and considers their:

1. Recycling process;
2. Emissions;
3. Panel toxicity and material use (including conflict minerals);
4. Water use; and
5. Worker rights, and health and safety (including through their supply chain).

We are proud to report that ~80% of our solar PV panels are manufactured by Jinko, Trina or JA Solar – who are top ranked at 1, 2 and 4 on the scorecard of ~40 global manufacturers.

We will continue to advocate for widespread use of responsible solar PV panel providers, and supporting responsible product stewards will continue to be a key focus of ours as we scale our distributed solar strategy.



INVESTMENT 03

Victorian Social and Affordable Housing





Social and affordable housing apartment building in Melbourne | Image credit: Aspect Property Photography

The challenge

Australia has an inadequate supply of stable, appropriate, and affordable accommodation, particularly for those on low incomes.

Not having secure and appropriate accommodation is often a barrier to educational attainment, stable work, strong health and wellbeing, and family and community relationships.

In the past few decades, Australia's housing landscape has changed significantly, worsening this situation:

- House prices are rising at a faster rate than incomes¹;
- The cost of renting has risen at twice the rate of wages²; and
- The proportion of total stock designated as social housing stock has fallen to less than 5%³.

Victoria in particular is falling behind on social housing – with social housing homes as a proportion of all households now at 3.2%, well below the national average of 4.5%⁴.

To simply maintain the current level of social housing at 3.2%, 3,500 new public and community housing dwellings would need to be built every year over the next 10 years.

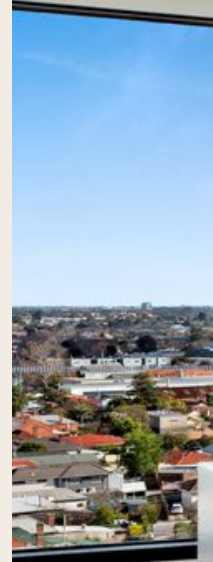
Despite strong demand by investors, private sector investments into social housing have been challenging because rents are capped at below market based on tenants' income. Our investment pioneers a new model which leverages private capital to generate new social and affordable housing stock.

¹ Australia's welfare series no. 12. Cat. no. AUS 189.

² Yates, J., Milligan, V. (2007) Housing affordability: a 21st century problem, AHURI Final Report No. 105, Australian Housing and Urban Research Institute Limited, Melbourne, p9.

³ Australian Institute of Health and Welfare 2014. Housing assistance in Australia 2014. Cat. no. HOU 275. Canberra: AIHW, p23.

⁴ Derived from DELWP, Victorians in Future 2019 (VIF2019), July 2019, p8 and DHHS, Housing Assistance: Additional Service Delivery Data 2018 – 19, September 2019, p8.



*Only 3.2% of households
in Victoria are social
housing homes*



CIM solution

 Social infrastructure	
Sustainable Development Goal 	Capital invested <h2>\$137m</h2>

In July 2021, we began funding the acquisition of social and affordable housing under a unique partnership with the Victorian Government and community housing association, HousingFirst.

Under this partnership, we will invest approximately \$150 million to fund the acquisition of up to 307 apartments for social and affordable housing tenants.

The properties will be headleased to HousingFirst for 10 years, who will sublease them to tenants on the social housing waitlist. Where appropriate, HousingFirst will coordinate wraparound supports with partnering support agencies.

Properties are located in high amenity suburbs close to services and economic hubs.

Apartments are dispersed within large apartment buildings, with no more than 20% of each building being designated as social and affordable housing.

With government playing a key enabling role, the model unlocks institutional scale private capital to generate new social and affordable housing stock.

Through this unique structure, we believe CIM has developed a model that provides government with long term savings and investors with market rate property returns.





IMPACT PARTNER PROFILE

HousingFirst




HousingFirst

HousingFirst is an award-winning, regulated, not-for-profit organisation providing social and affordable housing across Melbourne.

It is recognised as one of Victoria's fastest growing community housing organisations, with strong working relationships with stakeholders, including the local, state and federal governments, developers, financiers, regulators, and industry organisations.

HousingFirst has over 34 years of financial, property development, tenancy, asset management, and community development experience. They currently own or manage 1,205 houses and apartments across Melbourne, providing homes for 1,656 people who would otherwise struggle to find accommodation.

Impact assessment

IMP's Impact Dimension	Score	Rationale
 What	5 ●●●●●	<p>1- and 2-bedroom apartments in Greater Melbourne. Relative to other social and affordable housing currently available, the apartments we have funded are:</p> <ol style="list-style-type: none"> 1. Well located; 2. Generously sized, with outdoor space and carparks; and 3. In buildings and locations with high amenity
 Who	5 ●●●●●	<p>Individuals from the Victoria Housing Register, which currently has >50,000 people registered and seeking housing. Over half of these people are on the register for at least one of the following reasons:</p> <ol style="list-style-type: none"> 1. They are experiencing homeless and receiving support; 2. They are escaping or have escaped family violence; 3. They are living with a disability or significant support needs; or 4. They have special housing needs
 How Much	Scale 5 ●●●●●	177 social/affordable apartments financed to date with approximately 130 newly built apartments in the pipeline for financing.
	Depth 5 ●●●●●	As of August 31st 2021, 68 apartments with 114 bedrooms in total have settled and are almost fully occupied.
	Duration 5 ●●●●●	HousingFirst has been provided long term access to our apartments (minimum 10 years). HousingFirst has historically had lower than industry tenancy turnover.

IMP's Impact Dimension	Score	Rationale
+ Contribution	5 ●●●●●	Victoria has an extreme shortage of social and affordable housing, and that has been trending downwards over the past decade. We are confident that we are adding housing stock that would not have otherwise been financed.
△ Risk	4 ●●●●○	Key risks are: <ol style="list-style-type: none"> 1. Delivery of poor-quality housing; and 2. Lack of necessary wraparound support provided. We believe that CIM has taken steps to ensure both risks have been appropriately addressed and mitigated.
🔍 Project Assessment	4.8 ●●●●●	Contribute to solutions

The impact of an enterprise can be classified as:

1	●○○○○] Act to avoid harm (A) = score between 0 and 2
2	●●○○○	
3	●●●○○] Benefit stakeholders = score between 2.1 and 3.4
4	●●●●○] Contribute to solutions = score between 3.5 and 5
5	●●●●●	

INVESTMENT 04

Side by Side Social Impact Bond





The challenge

A small but significant proportion of school age students struggle to connect with and engage at school. On average, educational outcomes for students from low socio-economic backgrounds are significantly lower than students from more advantaged backgrounds.

These students tend to be more vulnerable on standard Australian Early Childhood Development scores and have lower literacy, numeracy and comprehension levels, and lower school attendance and retention rates⁵.


Attendance data for Victorian schools indicates that First Nations children are absent from school at a much higher rate than the rest of the student population. By Year 9 the gap in attendance rates means that on average, First Nations students have received six months less schooling than students from non-First Nations backgrounds⁶.

Attendance and academic performance have been identified as key predictors of early dropout. Early exit from school and low academic achievement can substantially limit the options that young people have for further study and work. Poorer educational results are often linked with higher rates of unemployment and lower lifetime earnings, as well as adverse health outcomes and increased likelihood of involvement in risk taking behaviour. Education is key to enabling upward socioeconomic mobility and improved wellbeing.

⁵ Considine, G. and Zappala, G., "The Influence of Social and Economic Disadvantage in the Academic Performance of School Students in Australia.", *Journal of Sociology*., Vol.38., 2002.

⁶ Aboriginal Victoria 2017. Victorian Aboriginal Affairs Report, p.11





Poorer educational results are often linked with higher rates of unemployment and lower lifetime earnings

CIM solution



Health & Education

Sustainable Development Goal



Capital invested

\$1.2m

To address the issue of student disengagement from school, CIM invested in the Side by Side Social Impact Bond (“Side by Side SIB”).

Investor funds are being used to establish the Side by Side Program in Victoria, a program that aims to support students in early primary school (Years 1 to 4) to increase their attendance and engagement at school, and address key gaps in their learning.

Services are delivered by Berry Street Victoria Inc (“Berry Street”), in partnership with the Victorian Aboriginal Child Care Agency (“VACCA”). The Side by Side Program provides:

- 12-months of individualised family and student support and tuition, aimed at supporting parent and family engagement, and building the motivation and capacity of individual students to engage and learn at school; and
- A whole-of-school development and transformation program, aimed at helping schools to understand and apply a culturally sensitive, trauma-aware model of education.

The Side by Side Program prioritises working with First Nations students and their families and is designed to support students across their home and school life in an integrated and coordinated way.

Our investment is funding upfront service delivery costs and sharing in the financial risk of Berry Street in achieving the targeted outcomes. In addition, the program is newly designed, and transferring risk onto private investors enables Berry Street, VACCA and the Victorian Government to test the model’s efficacy and inform future policy and funding choices.

It is expected that around 300 students will be enrolled in the program over a five-year period. Investor returns are linked to a reduction in the number of days students are absent from school over a two-year period relative to a baseline.



IMPACT PARTNER PROFILE

BERRY STREET

Berry Street

Berry Street is an independent Community Service Organisation and Australian charity established in 1877. Their vision is that all children have a good childhood; growing up feeling safe, nurtured, and with hope for the future.

They provide a range of services throughout metro and regional Victoria, including: community programs, disability services, family services, youth services and most prominently, youth engagement and education.

Student engagement is a key focus of Berry Street and is best seen through their development of the Berry Street Education Model. This model is an approach to teaching focused on increasing engagement of students with different or complex learning needs. It is delivered in over 3,000 schools across Australia.

Impact assessment

The Side by Side SIB launched at the end of 2020. The program has been rolled out to three schools located in Northern Melbourne, and the first cohort of 26 students has been referred to the program.

This is in line with the planned intake and is a pleasing result considering the ongoing disruptions caused by COVID-19 during the establishment period. Students span Years 1 to 4, and half of the cohort are of First Nations background.

Berry Street and VACCA have recruited a Side by Side program manager, two teachers, and two family and education support workers. Schools have commenced their whole-of-school training which supports school staff to better understand cultural safety and the impact of individual and family trauma on student attendance.

Each student's attendance is measured over a two-year period. We expect to receive the first year's attendance data in early 2022 and will report on attendance outcomes in next year's Impact Report.

Given the Side by Side SIB recently launched, we have not rated the impact scores for this investment however have provided a brief description of each impact dimension to the right.



IMP's Impact Dimension	Description
? What	The Side by Side Program aims to support students in early primary school to increase their attendance and engagement at school through the provision of individualised family and student support and tuition, and a whole-of-school transformation program.
👤 Who	Students in Years 1 to 4 in Melbourne who are highly absent from school, or moderately absent and assessed as being behind in their educational attainment. The program prioritises working with First Nations students.
E How Much	Scale The program will operate at nine schools across three regions. It is expected that ~300 students will be enrolled in the program, of which 80% are expected to engage with supports.
	Depth The program is expected to reduce the number of days that students are absent from school, improve student learning outcomes and ultimately reduce school drop-out rates. There is a clear causal link between disengagement in the early years of education and future life outcomes such as accessing welfare and social services.
	Duration Each student will be supported intensively for 12 months, with an additional year of monitoring and ongoing support if required. The program will operate for six years.
+ Contribution	In the base case scenario, it is expected that there will be a 22% reduction in the number of days students are absent from school relative to a baseline.
⚠ Risk	Key risks include program size risk (the ability to enrol the planned level of students), COVID-19 risk (e.g., school closures due to lockdowns), and program performance risk (the ability of Berry Street and VACCA to improve school attendance rates).

INVESTMENT 05

Newpin SA Social Impact Bond



Newpin Centre, Adelaide | Artwork credit: Auspicious Tree by Taopic Design



The challenge

Approximately ~46,000 children are in out-of-home care (“OOHC”) in Australia, living in either foster care, kinship care, or a residential service – a rate of 8 per 1,000 children.

In South Australia, there are currently ~4,000 children living away from their parents in OOHC, and that number is increasing over time. OOHC can be short term, but for many children it becomes a long-term arrangement. Recent data shows that over 80% of these children have been in OOHC for more than a year, and over 40% have been in care for more than five years⁷.

Children who are removed from the care of their parents, particularly young children, can experience trauma which may have a lasting impact throughout their entire lives.

Research has shown that children who have experienced OOHC are more likely to:

- disengage with education early;
- be unemployed, underemployed, or earning lower wages;
- experience homelessness or live in unstable housing arrangements;
- have had children at a young age (and are at greater risk of having those children taken into care);
- be involved in the criminal justice system; and
- have physical health, mental health, and substance abuse problems.

⁷ Australian Institute of Health and Welfare, Data tables: Child protection Australia, 2018-19

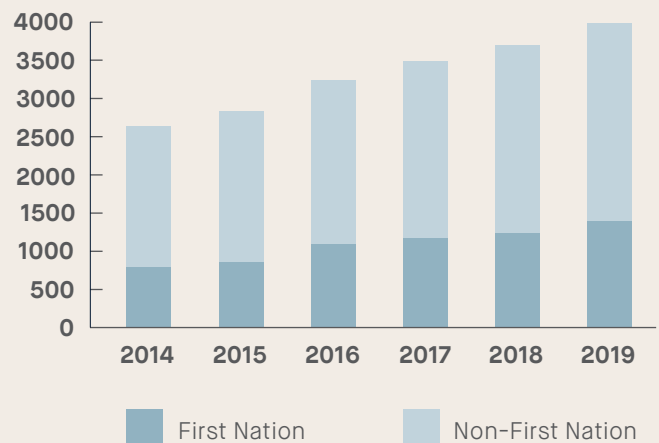




*8 out of 1,000
Australian children
are in out-of-home care*

In addition to the poor social outcomes discussed on the previous page, the OOHC system costs the South Australian government approximately \$110,000 per child each year.


Number of South Australian Children in OOHC from 2014 to 2019





Source: South Australian Department of Child Protection - reporting and statistics, children in care 2014-2019

Figure 5 – Number of South Australian Children in OOHC from 2014 to 2019

CIM solution



Health & Education

Sustainable Development Goals	Capital invested
<div style="display: flex; justify-content: space-around;"> <div style="background-color: #27ae60; color: white; padding: 5px; text-align: center;"> 3 GOOD HEALTH AND WELL-BEING </div> <div style="background-color: #e91e63; color: white; padding: 5px; text-align: center;"> 10 REDUCED INEQUALITIES </div> </div>	<h1 style="font-size: 2em; margin: 0;">\$1m</h1>

To address the growing number of children in OOHC in South Australia, CIM invested in the Newpin SA Social Impact Bond (“Newpin SA SIB”). Investor capital is being used to fund the delivery of the Newpin Program, an intensive therapeutic program which aims to safely re-unify children in OOHC with their families.

The Newpin Program is being delivered by Uniting Communities over a 7-year period, which commenced in June 2021. Over the course of the program, Uniting Communities aims to safely reunify around 300 children in OOHC with their families.

The program is delivered at Newpin Centres, where parents attend two days per week for up to 18 months. Parents are supported to work with their strengths to improve positive parent-child relationships and learn from their peers. Children also have a safe environment to play, learn and socialise.

Parenting modules	Parents attend educational modules where they develop their knowledge of parenthood, learn about strategies to keep children free from harm and neglect, and develop a deeper understanding of their child’s needs.
Therapeutic group meetings	Parents attend weekly group therapy sessions where they reflect on their own childhood experiences and how they impact their parenting.
Child development activities	Children participate in structured and unstructured play sessions that aim to improve the child’s social, emotional, language, and communication skills.
A supporting environment	The centre itself is a safe, supportive and stable environment for parents and children alike. Participants are mentored and supported by previous Newpin members.



Newpin is evidence-based, having operated in Australia for over 20 years. The program has a track record in breaking cycles of intergenerational child neglect and abuse, and allowing children to live safely with their family, develop to their potential and grow to play a positive role in their community.

Investor returns are tied to the performance of the program in reunifying children with their family, as measured by the reunification rate⁸.



⁸ Where the reunification rate equals the proportion of children who are reunified with their families relative to a baseline.

Impact assessment

The Newpin SA SIB launched in June 2021. Uniting Communities has opened the first Newpin Centre in Smithfield as planned and the South Australia Department for Child Protection has commenced referring families to the Newpin program.






Seven families have been referred to and accepted by the program. Collectively, they have nine eligible children (aged six or less) and three older siblings who will also participate. It is anticipated that around 224 families will be referred to the program over a five-year period.

Uniting Communities has recruited a program manager, three centre staff and two specialist roles focused on child attachment and cultural competency. An additional two Newpin Centres will be established as part of the program over the next six months.

Each child's reunification outcome is measured 18-months after their enrolment in the program, and as such there is no outcomes data to be reported this year.

Given the Newpin SA SIB recently launched, we have not rated the impact scores for this investment however have provided a brief description of each Impact Dimension.



IMP's Impact Dimension	Description						
 What	<p>The Newpin Program is an intensive therapeutic centre-based program which aims to safely reunify children in out-of-home care with their families.</p>						
 Who	<p>Families with children aged six or less who are in out-of-home care and are located in metropolitan Adelaide.</p>						
 How Much	<table border="1"> <thead> <tr> <th data-bbox="536 696 600 725">Scale</th> <td data-bbox="691 696 1385 824"> <p>The program will operate at three Newpin Centres, and it is anticipated that around 300 children will be enrolled in the program. In the base case scenario, it is anticipated that just under half of enrolled children will be reunified with their families.</p> </td> </tr> <tr> <th data-bbox="536 887 600 916">Depth</th> <td data-bbox="691 887 1385 976"> <p>Where it is safe to do so, supporting children to live with their family is demonstrated to be highly advantageous to their health, wellbeing, and long-term life outcomes.</p> </td> </tr> <tr> <th data-bbox="536 1039 632 1068">Duration</th> <td data-bbox="691 1039 1342 1167"> <p>Each family is supported for up to 18-months, and the program will operate for six and a half years. The program has a track record in creating long-lasting change in the lives of vulnerable children.</p> </td> </tr> </thead></table>	Scale	<p>The program will operate at three Newpin Centres, and it is anticipated that around 300 children will be enrolled in the program. In the base case scenario, it is anticipated that just under half of enrolled children will be reunified with their families.</p>	Depth	<p>Where it is safe to do so, supporting children to live with their family is demonstrated to be highly advantageous to their health, wellbeing, and long-term life outcomes.</p>	Duration	<p>Each family is supported for up to 18-months, and the program will operate for six and a half years. The program has a track record in creating long-lasting change in the lives of vulnerable children.</p>
Scale	<p>The program will operate at three Newpin Centres, and it is anticipated that around 300 children will be enrolled in the program. In the base case scenario, it is anticipated that just under half of enrolled children will be reunified with their families.</p>						
Depth	<p>Where it is safe to do so, supporting children to live with their family is demonstrated to be highly advantageous to their health, wellbeing, and long-term life outcomes.</p>						
Duration	<p>Each family is supported for up to 18-months, and the program will operate for six and a half years. The program has a track record in creating long-lasting change in the lives of vulnerable children.</p>						
 Contribution	<p>The target reunification rate is 25% higher than what is expected to occur in the absence of the program, based on historical data of comparable families.</p>						
 Risk	<p>Key risks include program size risk (the ability to enrol the planned level of families), COVID-19 risk (e.g., centre closures due to lockdowns) and program performance risk (the ability of Uniting Communities to successfully reunify children with their families).</p>						

INVESTMENT 06

Seniors Housing





The challenge

Globally, a confluence of factors have emerged that have impacted society’s ability to properly house and care for our seniors.

A rapidly ageing population, increasing property and housing prices, and increasing instances of medical challenges including Alzheimer’s and dementia-related diseases are all contributing to the strain on our public services when it comes to seniors housing. The COVID-19 pandemic has placed a spotlight on operating practices in the seniors housing sector, and distinctions between high and low ‘impact’ investments in the space have been highlighted.

In the US, these factors are compounded by an emerging and significant supply-demand mismatch in seniors housing. A legacy of market challenges following the global financial crisis of 2007 – 2008 (“GFC”) saw a period where new construction and development of seniors housing did not occur at the required scale. This legacy of underinvestment is observable now, but the negative impacts may only be apparent in coming years as the challenge compounds.

There is a rising number of people about to hit peak seniors living age

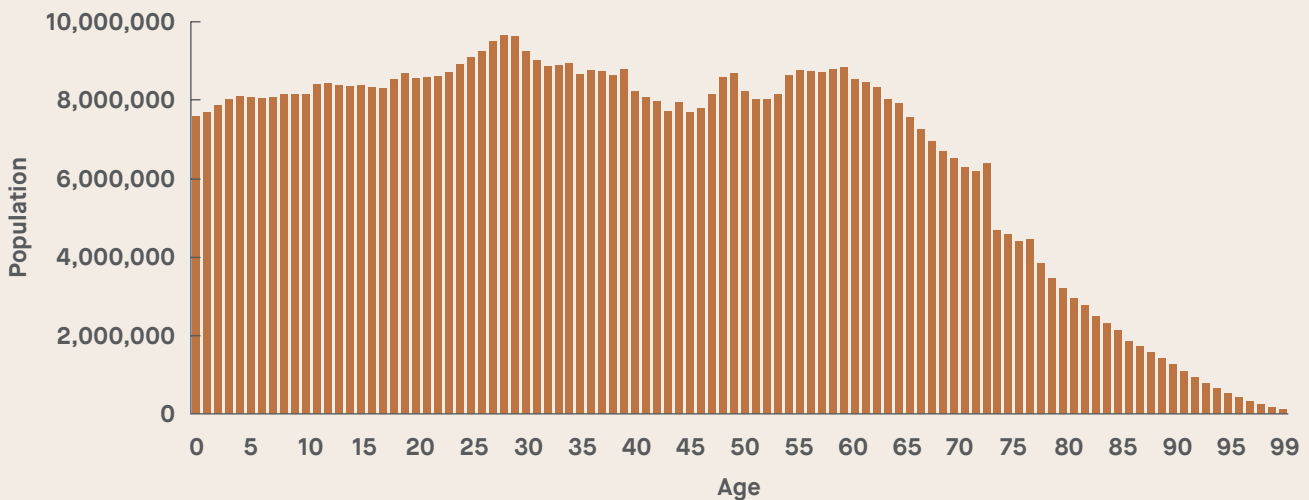
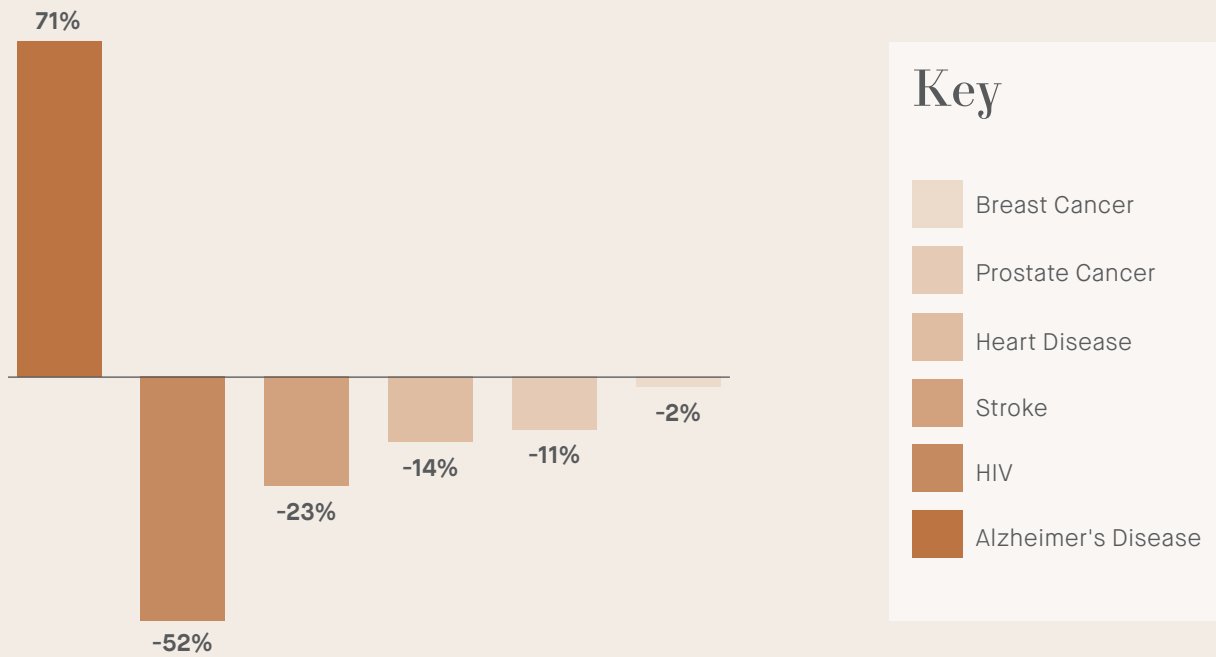


Figure 6 – There is a rising number of people about to hit peak seniors living age



Distinctions between high and low 'impact' investments in the space have been highlighted

Rising instances of Alzheimer’s and Dementia-related diseases



Source: 2016 Alzheimer’s Disease Facts and Figures, Alzheimer’s Association

Figure 7 – Rising instances of Alzheimer’s and Dementia-related diseases

Demand for Seniors Housing

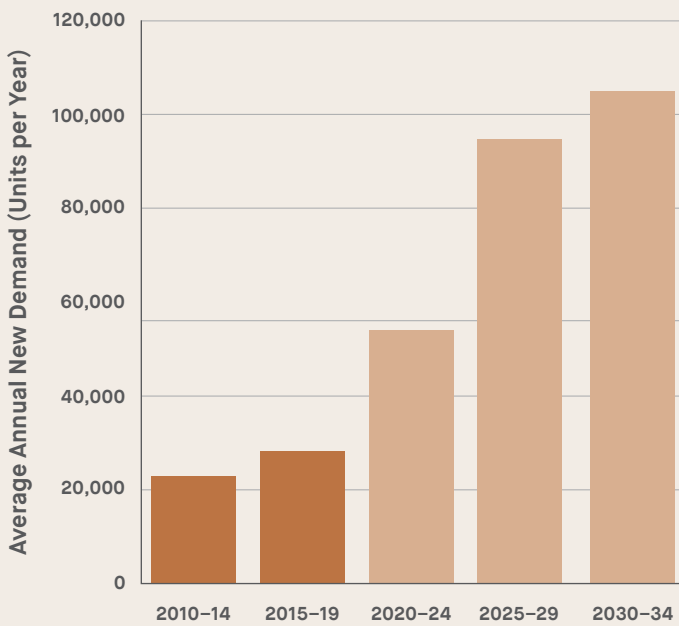


Figure 8 – Demand for Seniors Housing

US Seniors Housing Stock by Age

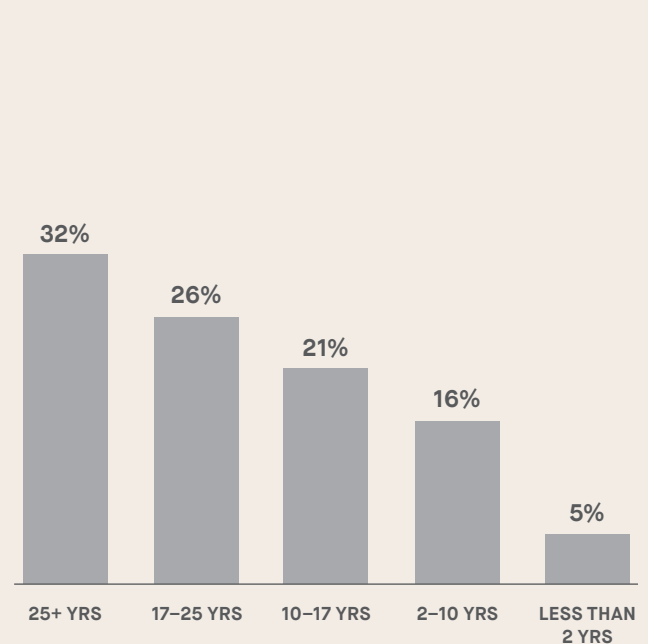


Figure 9 – US Seniors Housing Stock by Age

CIM solution



Health & Education

Sustainable Development Goal



Capital invested

\$6.5m

We are focused on investing in seniors housing and aged care, where there are challenges that can be addressed through the investment of profit seeking capital.

We have invested in US seniors housing via fund manager Bridge Investment Group, one of the leading fund managers in this space in the US. The investment strategy is focused on acquiring, improving and building a 'private-pay' portfolio of independent/assisted living units, and does not operate in the skilled nursing market. A distinction between







independent/assisted living units and skilled nursing units is provided below. This notes that our investment into independent/assisted living is focused on supporting people to age with dignity – providing residents the ability to have long-term accommodation that balances life with supports.

	Independent / assisted living (our investments)	Skilled nursing (not our focus)
Resident profile	Residents seeking balance of social, care, safety, nutrition, and physical activity services	Residents recovering from hospitalisation or suffering from life threatening illnesses
Setting	Residential – units are organised similar to apartments	Often located within traditional nursing home or rehabilitation centres; rooms often occupied by more than one patient
Cost structure	Not typically covered by government; private pay which generally leads to more adequately funded and resourced communities	Typically higher cost to operate but often with less funding available, which may lead to under-resourced facilities

Since investment, our capital has contributed to funding the acquisition, capital improvement or construction, and ongoing operations of 44 properties across the US. Taken together, these properties include over 6,000 beds. Pleasingly, these assets continue to be in demand from tenants, with strong occupancy and move-ins. Importantly, over the last 12 months it has become clear that well-capitalised seniors housing operators were able to respond swiftly

to the challenges brought on by COVID-19, maintaining the health, safety, and wellbeing of residents. This included securing PPE, ensuring appropriate staffing and training to limit coronavirus transmission, providing access to vaccinations (over 97% of residents are now vaccinated), and establishing policies to manage transmission while not locking down facilities and cutting off access for residents.

Impact assessment

IMP's Impact Dimension	Score	Rationale
 What	4 ●●●●○	Independent or assisted living housing for seniors (what we would call "aged care" in Australia). Analogous to apartment living that allows people to age with dignity while still accessing support they require.
 Who	3 ●●●○○	Seniors housing is broadly defined (e.g. not necessarily underserved). Our thesis is that individuals who live in our properties do not have the financial means to acquire their own.
 How Much	Scale 3 ●●●○○	Funded the delivery of 44 seniors housing units.
	Depth 4 ●●●●○	Significant focus on tenant wellbeing and supports through tenancy.
	Duration 3 ●●●○○	Long hold period of investment. Not a short term value add approach to investing.
 Contribution	3 ●●●○○	Limited contribution. Bridge Investment Group are industry leading real estate investors who would likely have received funding from another source.
 Risk	3 ●●●○○	Lack of full visibility is the key risk. CIM is a minor investor in the fund and has does not have full visibility of the assets and how the are managed.
 Project Assessment	3.3 ●●●○○	Benefit stakeholders

The impact of an enterprise can be classified as:

- 1 ●○○○○○] Act to avoid harm = score between 0 and 2
- 2 ●●○○○○]
- 3 ●●●○○○] Benefit stakeholders = score between 2.1 and 3.4
- 4 ●●●●○○]
- 5 ●●●●●●] Contribute to solutions = score between 3.5 and 5



INVESTMENT 07

Affordable Housing (Build-to-Rent)





The challenge

Housing is a fundamental human right, yet even in developed economies the provision of affordable housing is not guaranteed.

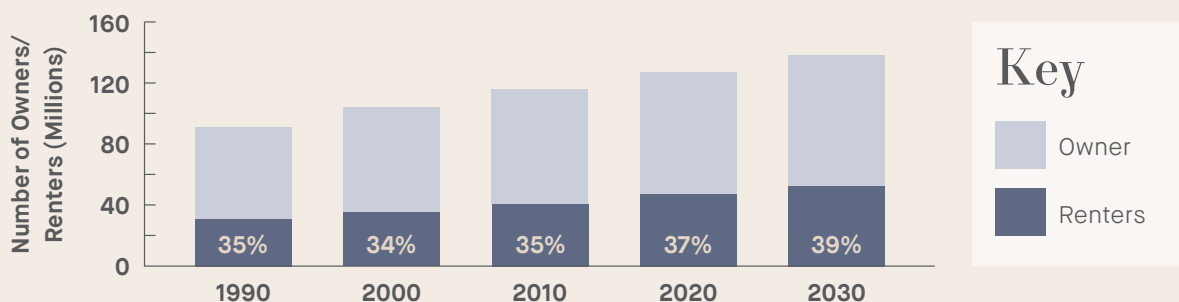
Housing affordability is a challenge globally. In many developed markets, demand and supply side factors have combined to increasingly push housing beyond the reach of many families.

In the short term, house prices increase because of demand side factors, such as government policies encouraging home ownership, falling interest rates, and wealth inequality that drives demand for certain types of housing.

Over the longer term, house prices stay high because of supply side factors such as “NIMBY”ism stalling the development of new housing stock at scale, and in some cases, policies designed to support housing (such as rent controls) that deter new development.

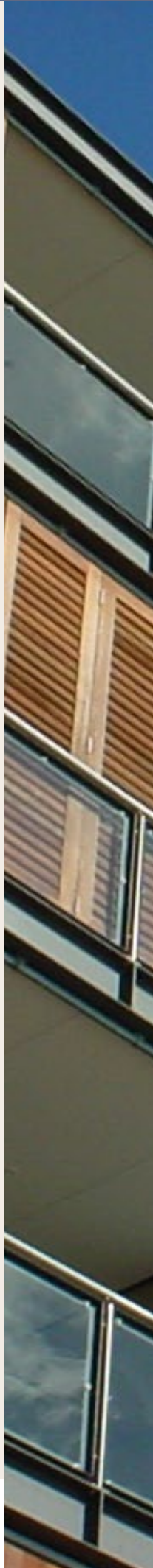
In the US, these factors are compounded by market challenges resulting from the GFC. Immediately following the GFC, property development experienced a slowdown, creating an underinvestment in residential property that is most naturally filled by scaling up apartment developments. These challenges combined mean that the proportion of US households who are renters, rather than owning their home outright, is expected to grow. Without further investment to expand the stock of rental dwellings, this trend will likely lead to higher rents which, coupled with static real wage growth, will continue to reinforce housing affordability challenges.


Rental households projected to continue growing



% = Renters as a Share of all Households. Source: Decennial Census, Urban Institute Projections

Figure 10 – Rental households projected to continue growing





In many developed markets, demand and supply side factors have combined to increasingly push housing beyond the reach of many families

CIM solution



Social infrastructure

Sustainable Development Goal



Capital invested

\$7.7m

Governments and various community organisations have tried different policies and approaches over the past few decades, with varying degrees of success.

Incentives and concessions for developers, planning restrictions, direct financial support of community housing charities (including through the provision of low-cost debt), or cash payments directly to tenants all have a role to play. In recent years both the financial markets and institutional investors have turned their focus to the build-to-rent sector, attracted by perceived scalability and stability of returns.

The build-to-rent market, or 'multifamily' in the US, is a mechanism through which institutional capital can enter the residential property market and expand the supply of affordable housing options. Our strategy has been to invest in US multifamily housing via fund manager Bridge Investment Group. Bridge Investment Group have a large build-to-rent asset management group and manage a significant volume of workforce housing. They have proven themselves as a value aligned manager of this housing, ensuring tenants have access to a supportive community and not just acting as a landlord.



Impact assessment

IMP's Impact Dimension	Score	Rationale
? What	4 ●●●●○	"B" and "C" grade build-to-rent units. These are generally considered 'affordable' housing options – not putting housing stress on individuals by charging more than 30% of income.
👤 Who	3 ●●●○○	Cheaper rents for people needing workforce housing. For example, individuals who would otherwise be unable to afford housing (i.e need to spend more than 30% of their income on rent).
€ How Much	Scale 3 ●●●○○	Provided mezzanine financing to 2,441 units.
	Depth 2 ●●○○○	Limited focus on tenant wellbeing and supports through tenancy.
	Duration 2 ●●○○○	Shorter term investment horizon because we are investing through debt rather than equity, however housing is long term.
+ Contribution	2 ●●○○○	Limited contribution. Bridge Investment Group are industry leading real estate investors who would likely have received funding from another source.
⚠ Risk	3 ●●●○○	CIM is a minority investor, alongside others, and has does not have full visibility of the assets and day-to-day management decisions taken
🔍 Project Assessment	2.7 ●●●○○	Benefit stakeholders

The impact of an enterprise can be classified as:

- 1 ●○○○○○] Act to avoid harm = score between 0 and 2
- 2 ●●○○○○]
- 3 ●●●○○○] Benefit stakeholders = score between 2.1 and 3.4
- 4 ●●●●○○]
- 5 ●●●●●●] Contribute to solutions = score between 3.5 and 5



Contact Us

Please reach out to the CIM team for additional detail on anything discussed in this report at info@consciousinvest.com.au.

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