UNLOCKING SOCIAL VALUE
INVESTMENT INTO OUR COMMUNITIES

HAYLEY HAND INVESTMENT MANAGER, BIG SOCIETY CAPITAL

ED ROWBERRY BRISTOL & BATH REGIONAL CAPITAL CIC
REBECCA PRITCHARD TRIODOS
CHRIS BROWN IGLOO - REGENERATION
DENISE MURRAY BRISTOL CITY COUNCIL
SIMON CHISHOLM RESONANCE
STEPHEN WAUD BUSINESS & ENTERPRISE FINANCE LTD

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Unlocking social value investment into our communities
An independent financial institution, with a mission to improve people’s lives in the UK

Founded in 2012 by Sir Ronald Cohen, capitalised with ~£600m from four Shareholder Banks and UK dormant bank accounts.\(^1\)

We play a dual role in growing the social impact investment market: by making investments and through engagement with investors and recipients of capital.

Our investments must achieve a positive financial return and deliver lasting and meaningful impact.

Sources: 1 The four Shareholder Banks (Barclays, HSBC, Lloyds and NatWest) each own 8.6% equity in Big Society Capital. 2Dormant Bank and Building Society Accounts Act 2008: Tackling dormant assets – recommendations to benefit investors and society.
Bridging the gap

...across sectors

...between organisations delivering social value and the resources they need

...from places prospering to making sure everyone is included
Meet the panel

Bristol City Funds

Community Development
Financial Institutions

Sustainable Regeneration

Resonance Real Lettings
Bristol City Funds

Community Development
Financial Institutions

Sustainable Regeneration

Resonance Real Lettings
BRISTOL ONE CITY

2050: Fair, healthy, sustainable
http://www.wearebristol.co.uk
Policy Framework
Catalyst for Change - No Silver Bullet
Unlocking Public & Private Investment and Delivering more for the Public £

4 Elements of Investment Decisions
- Economic Impact
- Social Impact
- Environmental Impact
- Financial Return

Monetisation of Impacts
- IRR / ROI £
- GVA / BCR £
- Social Value £
- EIA / CO2 £

Impact Investments
- Commercial Investments
- City Funds

GORAM HOMES
New, sustainable housing of all types – from luxury to affordable

BRISTOL IS OPEN
Development of infrastructure & initiatives that contribute to a smart city

BRISTOL WASTE
Helping Bristol Waste nothing

BRISTOL ENERGY
– gas and electricity supplier; tackling fuel poverty, championing social equality and local renewables

The Bristol Pound & Credit Union
Supporting Bristol’s local economy and Fairer banking for local people

Bottle Yard Studios
Largest dedicated film and TV studio facility in the WOE

Avon Mutual – Regional Community Bank - with a vested interest in improving the social fabric of the local community

City Leap - Municipal energy infrastructure – carbon neutrality 2030 & smart energy solutions

Goram Homes

Bristol is Open

Bristol Waste

Bristol Energy

Avon Mutual

City Leap
City Funds

• Local catalytic blended investment fund, linked to city priorities
• **One point of contact** with supportive infrastructure to bring together:
  - Communities
  - Council
  - Investors
  - Business
  - Foundations

• **Collaborative support** for organisations creating social or environmental impact
Funding themes

- Community Initiatives
- Economic Inclusion
- No Child Goes Hungry
- Environmental Transformation
Bristol City Funds

Community Development
Financial Institutions

Sustainable Regeneration

Resonance Real Lettings
1. Supporting Inclusive Growth

2. Delivering Social & Environmental Impact

3. Removing Barriers to Finance/Access

4. Being Fair, Open and Transparent

5. Operating to the Highest Standards

6. Using profits for purpose
Brief Headlines

- Started in 2004 – 15 years
- Loaned £70m
- Created 7000 jobs
- Nearly 5000 new businesses
- £280m of economic growth for our regions
- 24 staff
- 5 locations
- Lend up to £250k
- Currently manage £38m of funds
Social Impact – UN SDGs

All Loans are assessed to see which SDGs would apply and then data collected post loan to ensure that they still meet the original demands for social impact

This loan met 6 SDGs

BEF has set goals for the fund to achieve set targets for SDGs and they will be reported on annually
Triodos Wholesale Funding Structure

**TRIODOS**

- **Bullet repayment at the end of year 5**
- **Loan funds to new SPV**

**CDFI CUSTOMER**

- **Customers contribution**
- **Profit from fund post bullet repayment**

**SPV**

- **Funding on agreed debt/equity ratio**
- **Loan repayments from fund build up in the new SPV, for bullet repayment**

**NEW FUND**

**SME borrowers**

**Structured**:
- Triodos loan to new SPV lent at x% above BR
- CITR eligible (5% against taxable profits)
- 5 year term, bullet repayment
- 18 month drawdown period, NUF on undrawn
- Interest only years 1 and 2
- Customer contribution acts as first loss monies
- Debt/equity ratio dependent on risk assessment
- Customer to provide tax relief certificate (CITR)

**Triodos Approach**:
- 3rd party DD, focusing on historic performance BD track record, management, processes

**Security**:
- Debenture from SPV

**Monitoring**:
- Annual accounts for customer/SPV
- Quarterly management accounts/loan book review
The challenge

There are deprivation, place quality, climate, pollution and housing affordability challenges in the UK. People in deprived neighbourhoods are often exposed to the negative health impacts of contaminated land in addition to poor place quality that negatively impacts wellbeing and community.

New development can remediate contaminated sites, enhance neighbourhoods, wellbeing and community and provide affordable homes. But these challenges are not attractive to mainstream speculative housebuilders because this land tends to be previously developed which can make it more complicated and costly to develop - in the UK the proportion of new homes built on brownfield land is falling.

Our approach

BSC are partnering with Ginkgo, a Swiss Real Estate Fund Manager specialising in the remediation of contaminated land, and igloo a UK BCorp developer to find, remediate and develop brownfield land for housing, 30% of which will be affordable homes.

The Fund

Will operate across the UK, in and around the top 20 conurbations, bringing forward new land for housing. The housing will be developed by igloo using their award winning responsible development methodology Footprint.

Fund size

£100 million
People

Place

Planet

Six Dimensions

WELLBEING
Delivering Quality of Life

COMMUNITY
Building Social Capital

PLACE
Healthy, Happy Neighbourhoods

NATURE
Rewilding the City

CLIMATE
Planet Positive Places

CIRCULAR
Preserving Finite Resources
Bristol City Funds

Community Development
Financial Institutions

Sustainable Regeneration

Resonance Real Lettings
Connecting Capital with Social Enterprise

- Eighteen years track record (est. 2002)
- FCA authorized fund manager
- Eight operational impact investment funds
- Property fund track record (£200m)
- Team of over forty with finance, property and social enterprise experience
- Accredited Social Enterprise and B Corporation
- Offices in London, Manchester, Bristol, Birmingham and Cornwall
### Our Position on Spectrum of Capital

<table>
<thead>
<tr>
<th>Investment Approach</th>
<th>Traditional</th>
<th>Responsible</th>
<th>Sustainable</th>
<th>Impact-Driven</th>
<th>Philanthropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Goals</td>
<td>Deliver competitive risk-adjusted financial returns</td>
<td>Tolerate higher risk</td>
<td>Tolerate below market returns</td>
<td>Partial capital preservation</td>
<td>Accept full loss of capital</td>
</tr>
<tr>
<td>Impact Goals:</td>
<td>Avoid harm and mitigate ESG risk</td>
<td>Benefit all stakeholders</td>
<td>Contribute to solutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don't consider May have significant negative outcomes for people and the planet</td>
<td>Avoid harm Try to prevent significant effects on important negative outcomes for people &amp; planet</td>
<td>Benefit Effect important positive outcomes for various people and the planet</td>
<td>Contribute to solutions Have a material effect on important positive outcomes for underserved people or the planet</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The 'impact economy'

**Source:** The rise of Impact: Five steps towards an inclusive and sustainable economy. UK National Advisory Board on impact investing 2017 & Impact Management Project 2017
## IMPACT INVESTMENT FUNDS

<table>
<thead>
<tr>
<th>Impact</th>
<th>Community Assets</th>
<th>Enterprise Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scaling social enterprise through <strong>access to property</strong></td>
<td>Empowering <strong>local communities</strong></td>
<td>Scaling social enterprise through access to <strong>affordable growth capital</strong></td>
</tr>
<tr>
<td><strong>Focus Areas</strong></td>
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</tr>
<tr>
<td>Homelessness, Learning Disability, Vulnerable Women</td>
<td>Affordable Housing, Renewables, Sport</td>
<td>Dismantling Poverty – Diverse Initiatives</td>
</tr>
<tr>
<td><strong>Invest In</strong></td>
<td><strong>Invest In</strong></td>
<td><strong>Invest In</strong></td>
</tr>
<tr>
<td>Acquiring property portfolios</td>
<td>Development capital for community groups</td>
<td>Unsecured loans to social enterprises</td>
</tr>
</tbody>
</table>
HOMELESSNESS PROPERTY FUNDS

- Scale and track record
- Commercial risk-adjusted return
- Low risk / good diversifier

Total people housed

- RLFF
- NHPF
- RLFF

[Graph showing total people housed from 2014 to 2019]
## OTHER IMPACT PROPERTY FUNDS

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Purpose</th>
<th>Launch / Target Size</th>
<th>Target IRR</th>
<th>USP</th>
<th>Launch / Target Size</th>
<th>Open for Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESONANCE SUPPORTED HOMES FUND</strong></td>
<td>Housing for people with learning disability and/or mental health issues</td>
<td>£15 - 100m</td>
<td>6% (ungeared)</td>
<td>Tailored leases for sector needs</td>
<td>Early 2020</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>WOMEN IN SAFE HOMES FUND</strong></td>
<td>Housing for women experiencing homelessness, domestic violence or leaving prison</td>
<td>£15 - 100m</td>
<td>5% (ungeared)</td>
<td>Strengthening smaller scale Womens Sector Organisations</td>
<td>Mid 2020</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>RESONANCE COMMUNITY DEVELOPERS</strong></td>
<td>Community-led affordable housing development</td>
<td>£8 - 40m</td>
<td>4% (senior tranche)</td>
<td>Supporting community-led projects through development</td>
<td>Mid 2020</td>
<td>Yes</td>
</tr>
</tbody>
</table>
MEASURING SOCIAL IMPACT

What We Measure
Example: Homelessness Property Funds

1. Improving housing opportunities
2. Progressing towards work
3. More resilience against homelessness

Sustainable Development Goals (SDG)
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PANEL DISCUSSION:
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