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ECONOMY


Gresham House
Specialist investment

Gresham House Real Assets PBII Report Summary 2024

OCTOBER 2024

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This report is the first of its kind by an asset manager. We commend Gresham House for their willingness to carry out this portfolio review. It helps demonstrate the investment opportunities that exist across the PBII pillars. We hope such transparent reporting is widely adopted and used to improve market information and align stakeholder interests across the investment value chain to scale-up institutional investment that delivers on sustainable development for the UK and all its communities.

This report has been commissioned by Gresham House Asset Management Limited and prepared by The Good Economy Partnership Limited (“The Good Economy” and “TGE”), a leading, independent social impact advisory firm with expertise in impact measurement and management.

The findings and opinions conveyed in this report are based on information obtained from a range of sources. However, the information reviewed should not be considered exhaustive and The Good Economy, its principals and staff cannot and do not guarantee the accuracy, completeness and/or fairness of the information and opinions contained herein. This report shall not be construed as a financial promotion or as a recommendation, invitation, or inducement to any person to engage in investment activity.

This report has been prepared solely for the benefit of Gresham House Asset Management Limited and no other person may rely upon this report. Accordingly, The Good Economy accepts no duty of care, responsibility, or liability (whether in contract or tort, including negligence) or otherwise to any person other than Gresham House Asset Management for any loss, costs, claims or expenses howsoever arising from any use or reliance on this report.

The information within this report is subject to change relative to new developments, facts and/or research. The Good Economy therefore reserves the right (but is under no obligation) to alter the conclusions and recommendations presented in this report in light of further information that may become available.

Introduction

This report provides an analysis of Gresham House’s real asset funds using the Place-Based Impact Investing (PBII) Reporting Framework.

The PBII Reporting Framework offers a transparent, consistent, and comparable approach for asset owners and asset managers to report on their portfolio performance from a UK sustainable development and place-based impact perspective. It provides insights into the underlying assets, their locations, the outputs they generate, the potential outcomes, the types of impact created, and how their investment strategies align with PBII.

The Good Economy (TGE) developed the framework in collaboration with a group of Local Government Pension Scheme (LGPS) funds and institutional asset managers following the 2021 publication of the White Paper, [Scaling Up Institutional Investment for Place-Based Impact](#), in partnership with the Impact Investing Institute and Pensions for Purpose.

Several LGPS funds have already adopted PBII Reporting to assess the scale and nature of their UK investments and how they contribute to place-based impact. This report represents the first example of such reporting by an asset manager. It provides timely information about Gresham House’s contribution to sustainable development in the UK, as government policy is increasingly encouraging private investors to invest in the UK to meet place-based investing ambitions.

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Place-Based Impact Investing

PBII is a new, collaborative approach to impact investing and place-based sustainable development. At its core, PBII is about investing in a way that responds to local needs and delivers benefits to local people and places. In the 2021 White Paper, TGE defined place-based impact investment as:

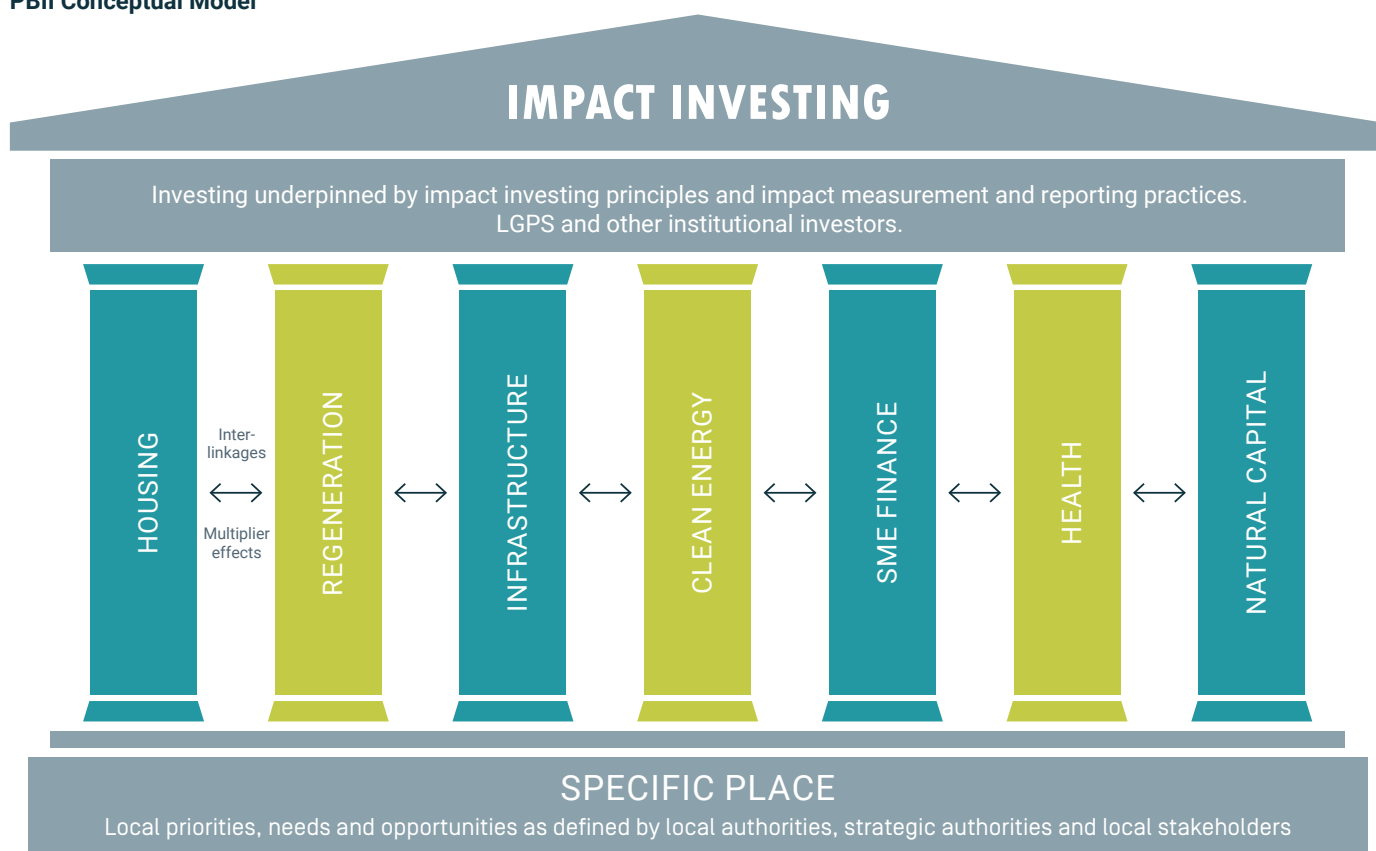
“Investments made with the intention to yield appropriate risk-adjusted financial returns as well as positive local impact, with a focus on addressing the needs of specific places to enhance local economic resilience, prosperity and sustainable development.”

This definition is underpinned by a conceptual model of PBII which brings together local stakeholders and investors around ‘pillars’, underpinned by a solid social and financial rationale for investing. These pillars are dual structures. On the one hand, they represent policy objectives and priority areas in local and regional development strategies. On the other hand, the pillars are real economy sectors and investment opportunity areas that fall within investment strategies and asset classes. PBII recognises maximising place-based impact requires a holistic, joined-up approach to investing across asset classes in a way that creates positive local benefits, linkages and multiplier effects. The traits are characteristics that identify PBII as an investment approach, as summarised below:¹

Place	Defining Place and Understanding Local Priorities	Collaboration and Stakeholder Engagement
Impact	Intentionality to Create Positive Impact	Impact Management

1. The PBII White Paper which identified five traits. The PBII Reporting Framework has simplified the traits to four, two relating to Place and two to Impact. For full details of the traits please see the [PBII White Paper](#).

PBII Conceptual Model



All arrows indicate inter-linkages and multiplier effects.

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About Gresham House

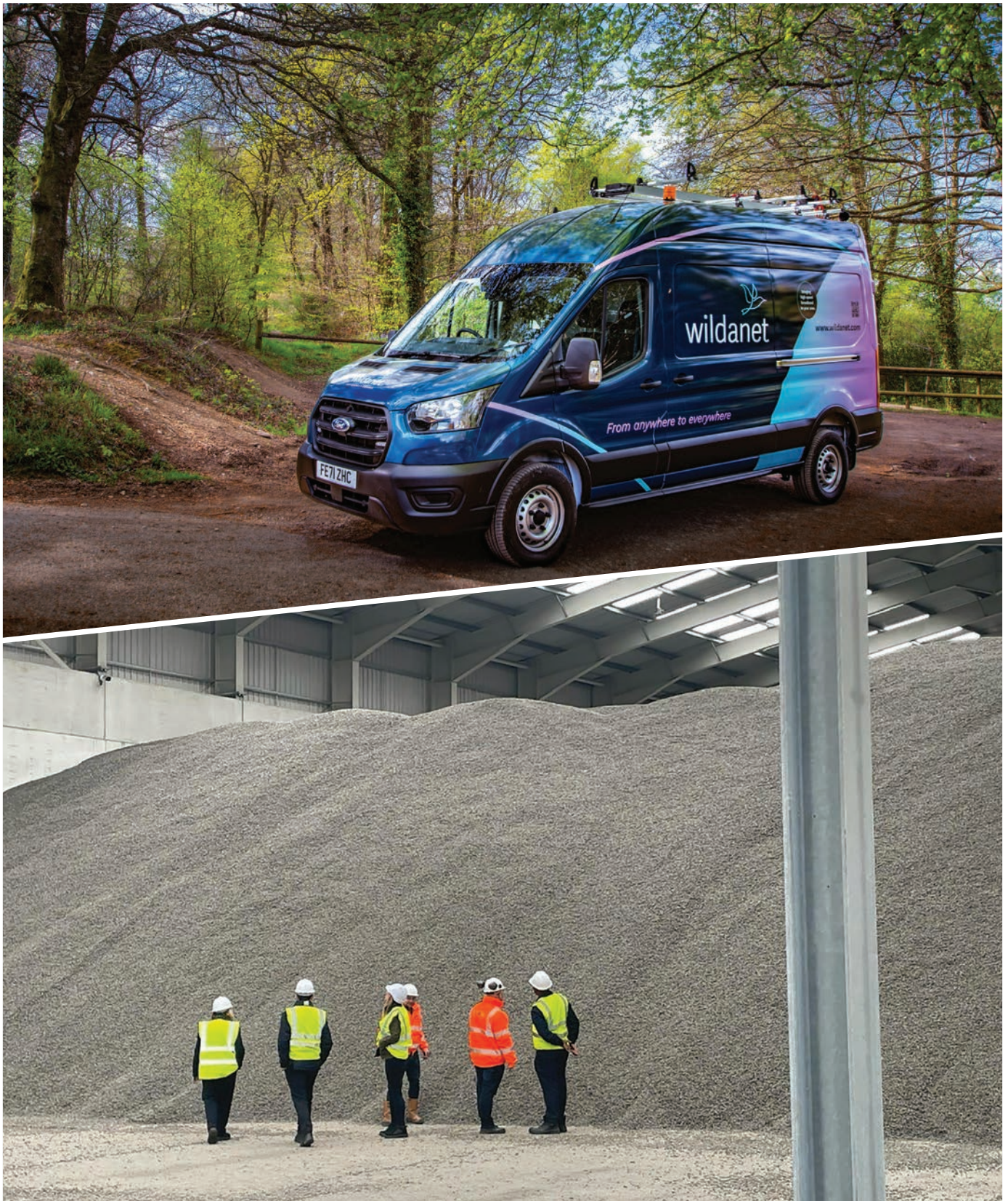
Gresham House is a specialist alternative asset manager offering funds, direct investments, and tailored opportunities to a wide range of investors. Its purpose is to deliver effective and alternative investment solutions to help clients achieve their financial objectives while also contributing towards the transition to a more socially and environmentally sustainable economy.

As of 30th June 2024, Gresham House managed £8.8 billion worth of assets across public (£2.4 billion) and private (£6.4 billion) asset classes.² This report focuses on six private market funds where active fundraising is live or where the fund has recently closed. These six funds have a combined AUM of £1.2 billion invested in real assets in the UK. They are specifically aimed at institutional investors and are representative of each of the strategies.

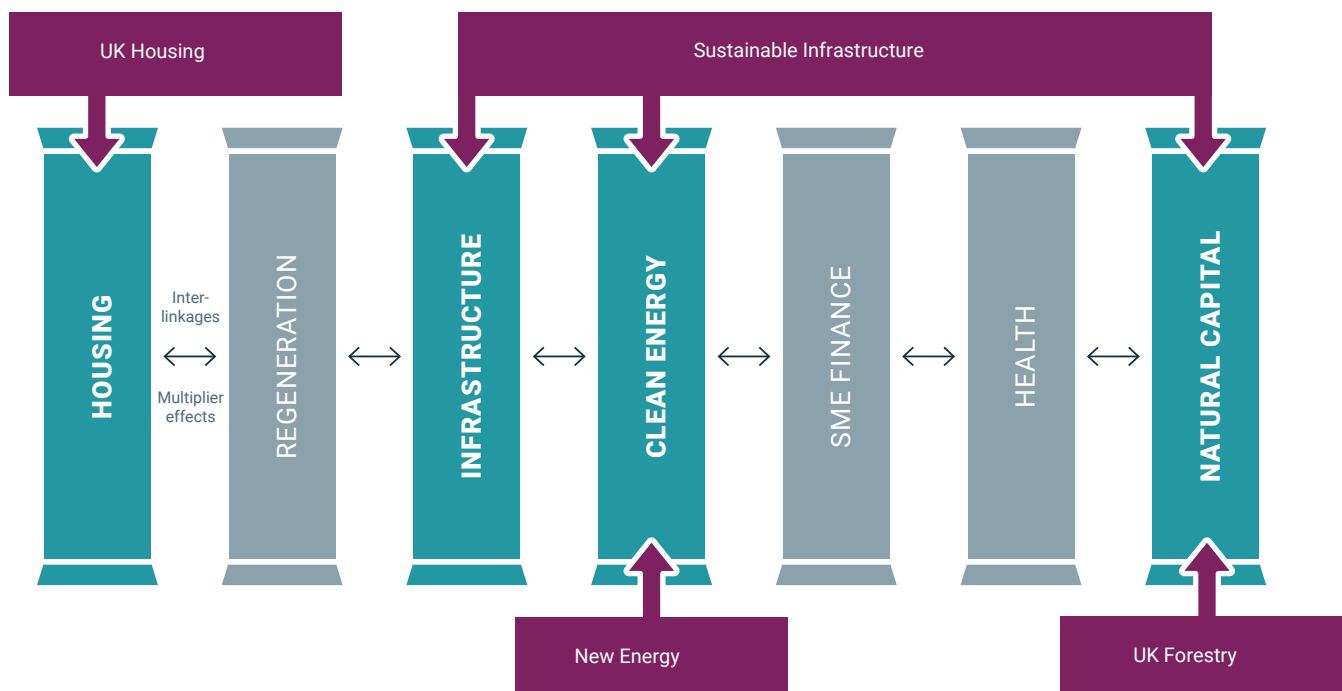
Gresham House firmly believes in sustainable investing, a commitment reflected in their Corporate Sustainability Strategy. They integrate environmental, social, and governance (ESG) factors into every stage of their investment process, from identifying potential investments to linking executive compensation with ESG performance. Their sustainability management policies and practices include an overarching Sustainable Investment Policy, a Sustainability Investment Framework and asset-class specific ESG Decision Tools, as well as specific sustainability-related committees to ensure high quality governance of the strategy.

Alongside achieving financial objectives, Gresham House aims to help clients generate nature-positive outcomes, support net-zero objectives, and create positive social impact in their regions. These aims strongly align to the concept of place-based impact investing.

2. The following fund level analysis reports as of 31st December 2023. At this time Gresham House managed £8.5 billion worth of assets across public (£2 billion) and private (£6.4 billion) asset classes.



Alignment of Gresham House investment strategies with the PBII Pillars³



This Report

This report provides an independent analysis of six private market funds using the PBII Reporting Framework, covering the 12 months from January to December 2023. The funds are in Gresham House's Housing, Forestry, New (clean) Energy and Sustainable Infrastructure investment divisions.

TGE conducted a comprehensive data collection process with each investment desk to analyse their respective portfolios by asset class, geography, PBII pillar, and standardised output data. We also assessed the degree to which the funds adopt a PBII approach and align with the industry standard impact classification.⁴

Each portfolio analysis includes a case study, showcasing examples of the underlying investments and the subsequent contribution to real-world outcomes for local people and other relevant stakeholders.

Statement of Independence

TGE is an independent advisory firm specialising in impact measurement and management.

TGE has a robust process in place to preserve our integrity and independence, as outlined in our Code of Practice. Before commencing with Gresham House Asset Management, we examined our suitability to take on the role of authoring an independent analysis of selected funds using the PBII Reporting Framework and confirmed that there was no conflict of interest.

We have undertaken independent impact reporting for two Gresham House funds since 2020. In this role, we have supported the funds to design their impact measurement and management systems and performed subsequent reporting against these. However, we are not involved in investment decision-making and have no role in the management of the funds. We therefore feel this does not represent a threat to our independence and are able to take an objective opinion on performance.

3. The diagram summarises the funds analysed for this report. Gresham House also contributes to SME financing through the private and public equity divisions.

4. The PBII approach is gauged through a self-assessment process, using a set of best-fit statements concerning each of the four PBII traits (as detailed on page 4). TGE review the assessment using qualifying evidence, and adjust where deemed appropriate. Assets are classified using [The ABC of Impact, Impact Frontiers](#).

Headline Findings

Results for six real asset funds ("the Funds") representative of each investment strategy (14% of total AUM), as of 31 December 2023:

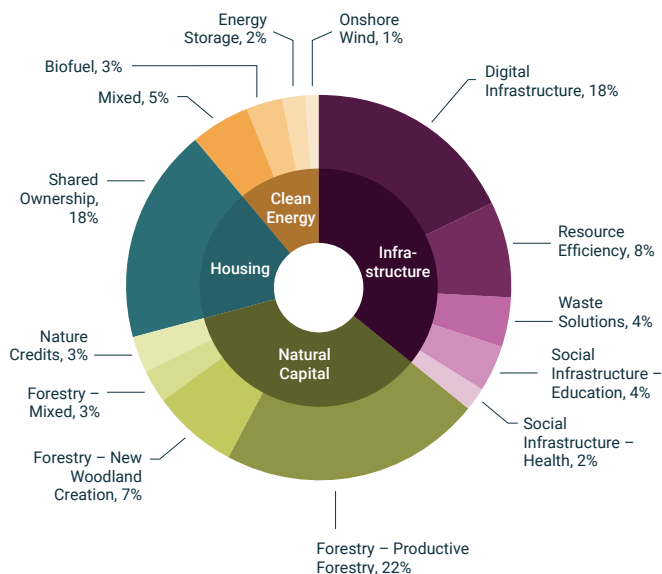
Gresham House

Gresham House is a specialist alternative asset manager with products across real assets, public equity and private equity.

This report focuses on six private market funds designed specifically for institutional investors. The funds are set across all four of Gresham House's real asset investment strategies.

- £1.2 billion committed to six real asset funds, all with a UK focus.
- 80 assets including housing developments, sustainable infrastructure, natural capital and clean energy solutions.

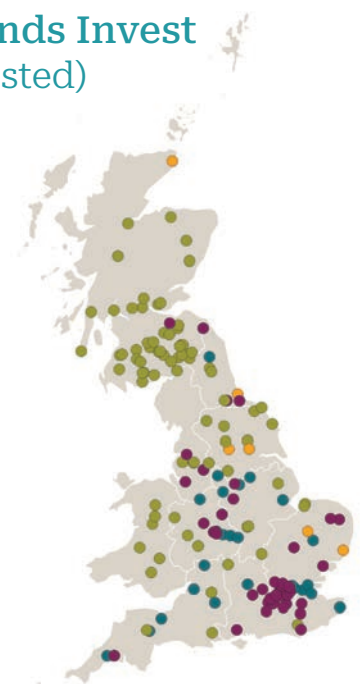
What The Funds Invest In (% of value invested)



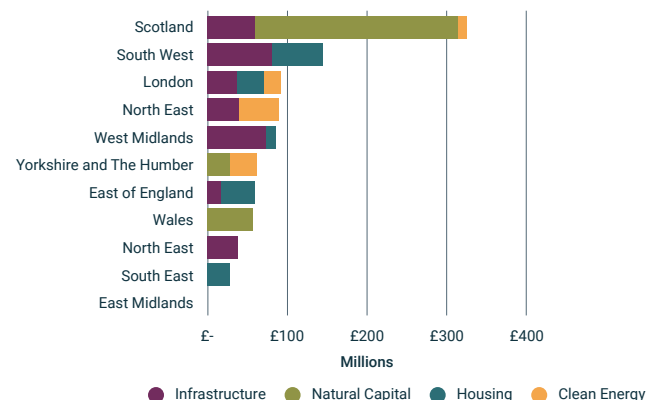
Where The Funds Invest (% of value invested)

Location of Assets

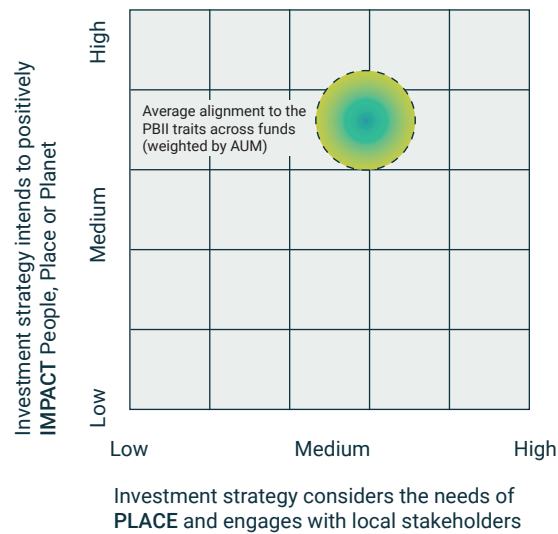
- Clean Energy
- Housing
- Natural Capital
- Sustainable Infrastructure



Investments in every nation and region of Great Britain



How Gresham House’s Investments Align With The Traits of PBII

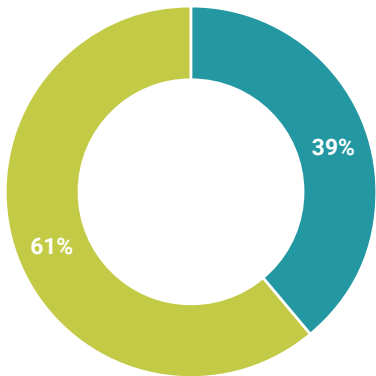


Type of Impact (% of value invested)

Type Classes

- Contribute to solutions
- Benefit stakeholders
- Avoid harm
- Does/may cause harm

Based on [Impact Frontiers' ABC of Impact](#)



Contributing to Sustainable Development Across the Country

	Infrastructure	<p>8 infrastructure assets including:</p> <ul style="list-style-type: none"> 3 digital infrastructure assets in predominantly rural areas 2 social infrastructure assets providing 2,840 new childcare places and 576 care home places 2 waste solutions assets diverting 15,498 tonnes of waste from landfill 1 resource efficient vertical farming business with 2 farms
	Natural Capital	<p>53 natural capital assets including:</p> <ul style="list-style-type: none"> 52 forestry assets helping support rural economies 1 investment with 23 habitat banks, creating 562 hectares of biodiverse ecosystem
	Housing	<p>15 housing projects including:</p> <ul style="list-style-type: none"> 1,411 shared ownership properties providing homes for up to 3,295 people
	Clean Energy	<p>4 clean energy assets including:</p> <ul style="list-style-type: none"> 1 biofuel facility diverting 11.1 million litres from landfill 1 onshore windfarm providing 13,500 homes with clean energy 1 co-located solar and battery energy storage solution expected to power approximately 14,000 homes 1 battery energy storage investment vehicle which manages 1,067 MW across 29 sites

About Us

The Good Economy is a leading, independent impact advisory firm. Grounded in theoretical rigour and with a broad range of expertise within our industry-leading team, our services are designed to help clients meet the growing demand for greater confidence and credibility in strategies that create positive impact or pursue sustainability outcomes.

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