Good afternoon, ladies and gentlemen. Welcome to today's Europe webinar. Beyond the pandemic, the importance of social value. We're very excited about today's theme as it is at the heart of what we do. Would you lie? We've done a lot of work and research around smart Urban Development in the past five six years, which started off with looking at good density, followed by looking at the potential return of investing in code density. AM. And. At the core of all of that work is an integral focus on commercial development, alongside social infrastructure and placemaking. We are currently working on the launch of a new research project that's the natural next step of the previous work we've done and it will focus on the measurement of social value or social impact. Assessing the current practice used by developers, investors and manager managers aimed to combine all of this collective expertise to come up with a common measurement framework that the industry then confer to build on. An impressive list of member companies have already agreed to support that project, and if this is something that could be of interest to you, just let me know. OK, that's enough for today on UNICE projects.
I would like to get started and before of that just a bit of housekeeping. Um, if you have any technical problems, please let the staff know. You can do that either through the chat or through the Q and a button and it will pick it up.

We would encourage everyone to actively participate in the survey in the in the web and R and you can do that by posting your questions in the Q&A. Clicking on the button. And.

Anne and then will will address those questions during the conversation.

I'm very pleased to be joined by such a high level panel with such a broad and longstanding expertise on the on this theme of social value and impact investing. First of all, I would like to welcome Michelle Gayden. She's the partner and co-founder of Bridges Fund Management.

We have delete cooler is managing director of Estipona management based in Spain, Richard Meyer, co-founder of stories based in UK and Christine Babkin.

She's a director of corporate social responsibility at Ivanhoe Cambridge.

Before we move into the conversation, I would also like to engage you as the audience and we have prepared a couple of polling questions.

Can I have the first question please? Because we would like to know a bit how much involvement you already have with this topic. So the first question is my company is active in creating social impact or impact investing or exploring the options, and the options are yes no or don't know.

Please respond to the to the pole now. Could I see the results?

Oh, so we we can expect some we have 81% yes 11% no and 8%
don't know. So that's an overwhelmingly positive response which I think will makes that we can expect some very interesting questions along the way.

I would like now like to open it up to the speakers, giving each of them the opportunity to give a couple of opening remarks.

How involved are each of you in the topic. What is the background of your company? And then we'll move on to in the subsequent discussion. Ann Michelle. Could I kick off with you? Can you please explain your thinking behind setting up britches front management?

Almost 20 years ago at a time that probably nobody was thinking about impact or social value. And maybe describe the journey since then. Also because you are not only active in real estate but also in order. Business is an asset classes and could you please elaborate on that?

Thank you absolutely knows that and it's a great pleasure to be here. Thank you for inviting me.

Yes, bridges is now a private funds manager uniquely dedicated, solely dedicated to investing in the transition to a more sustainable and inclusive economy. We started some time ago. As you say, 2002. We launched bridges and really our vision there and was to take the the tool of investment capital and use it to help solve societal challenges. And we actually started in the private equity space and we actually started simply with the challenge of under invested neighborhoods so lower income, inner city areas and our first ever fund invested in growth businesses in those areas. As we went through the process, we started thinking well, what is the competitive advantage of those under invested in a city,
areas and actually affordable unloved buildings?

Was one of the competitive advantages that led us into making investments like the office group, which was an early example of flexible space for small businesses which we then introduced an environmental dimension into our

retrofits.

And we also invested in a number of budget but boutique hotels.

The Hoxton Hotel in London being an example and this led us to realize a couple of interesting things about real estate out,

turning it into a vibrant hotel or small business space,

really unlocked regeneration in the local neighborhood and the other words we got to understand the carbon impacts of buildings, which in the UK are somewhere between.

Probably around 40% of the UK’s total emissions come from our building stock and that got us really interested in the power of real estate investing to be part of a more inclusive and sustainable economy.

So we now have private equity funds with the platform of three or four types of funds.

We have private equity funds,

traditional growth, capital investing funds.

We have real estate funds,

so we currently investing about 400 million Sterling in property alternatives,

but always with a focus.

On sustainability and impact. And by the way double digit returns.

To be clear, those funds are opportunistic style,

high returning funds. And then we also have a long growth fund.

A business on our platform and social outcomes contract investing.

So for platforms and now for fanatics sustainable Planet,

Education, Health and then our original.

Format of under invested areas under invested communities.

Thank you, that’s very helpful.
Maybe one more question, how do you define social value?

I know you don't talk about social value.

Do you talk about impact?

What does it mean for you, however? So in every investment that we make, we're looking for the reason that that investment is going to progress our economy towards a more sustainable or more inclusive economy.

We do use the four themes as guidance, so we are when we are sourcing when we originate Ng investments.

We're looking at what are the macro trends in health, for example, and how could that lead us to to an interesting real estate investment.

That's why we've done things like assisted living for the elderly, care environmentally friendly care homes, and then we measure the impact using.

Uh, an impact statement, which is driven from the work of the Impact management project that we might come to later.

So for our investors, they're always given annually their financial and commercial updates, and then also an impact statement and Impact Update, which we now score. So we score on firemen, fundamentals of impact underneath each of the four themes in which we invest.

Thank you. Yeah, we'll talk a bit more about measurement and creating impact later.

Philip, can I go to you now?

Could you please switch on your mic?

Your base in Spain. Your business focuses heavily on retail.

We all know retail is in quite a difficult position currently facing a lot of structural change following the growth of E Commerce and now cyclically being basically in the fire line of the COVID-19 crisis.

So how do you use shared value social value to create the value in in the retail centers you own and and manage?
Yes, I think that it's important to separate out different trends. I mean, the code is relatively recent experience. We could put it that way and really we haven't been able to come to terms with a social strategy that could overcome those issues that are now being generated in the economy at large and also in local communities were essentially an asset management company where we Co invest or reinvest off her own balance sheet, just in retail properties. We've been operating in Spain. Esteban has been operating in Spain since 2014. I've been working in Spain since 1990 for companies like traffic on in Heinz, etc, and we've done about 220,000 square meters of leasable projects. We our experience to some extent, is quite similar to that of Michelle and that we really focused on non performing retail properties and we try and create part of our an integral part of our strategy is to create value in those properties using social initiatives. What we refer to as shared value were a member of the Shared Value Initiative which is an organization that was created by Mark. Kramer, and probably better known Michael Porter of the University of Harvard, and we've our teams have undertaken courses with with them on how you create shared value. We tried to apply those strategies which essentially focused on on different levels is either an input level in the world you try and make sure that your supplies are all correct and they're all following similar strategies. We trying to solve a social problem, which is what we try and do in our retail Centers for example. And we can come on to that perhaps later on.
But creating we use a retail center assistant to try
and create.
To solve social problems, we have like schools we have.
Formal structure classes for people with mental disabilities
and we
try and place them in the retail center and we
create a business model out of that and it becomes
self serving. It really doesn't actually cost money,
it produces a return as as well which is the
show at the second level of a shared value initiative
in the third level would be what I would try
and look at it through the lens of placemaking.
In other words, you trying maximize an ecosystem and other
stakeholders around you and create value for those
stakeholders as well. So really how we part with NGOs?
We got NGO partners in.
Spain and we proceed on that basis.
Thanks Phillip, I think you raise a few very interesting
points on returns versus impact and we'll talk about that.
Also a little later.
Christine. Based out of Canada.
Um, I've been OK. Rich is globally active as investor
developer manager of Real Estate.
And how does corporate social responsibility as you call it
feature into all these elements?
Anne, how do you incorporate that in your business?
Thank you lizette. Thank you for inviting me to share.
Ivanhoe Cambridge you on the social impact and if I
may let me start by thinking a few seconds to
present.
Ivanhoe Cambridge might as well be recognized in Europe.
We are the real estate arm of the CD PQ,
which is Quebec's pension fund.
So basically our job is to contribute to the financial
security of all Quebeckers.
So in itself that is a corporate responsibility.
This is our focus, our daily focus.
To make sure every dollar we invest has an impact.
So as a long term investor,
we're committed to creating living spaces that foster well
of people and communities while reducing our environmental footprint.

So we invest alongside partners and major real estate funds that are leaders in their respective markets.

Through subsidiaries and partnership, we hold interest in more than 1000 buildings, primarily in the industrial and Logistics Office, residential and retail sectors. As of December 2019, we have close to 64 billion in Canadian dollars.

So to answer your question, our latest strategic plan, position CSR at the heart of our business model, we want to create sustainable impact with Capri comprehensive.

Urban solution focus on people's needs so so that's our daily task.

Thank you, that's it. Thank you.

Yeah, we'll go into detail a bit more later on.

And last, but definitely not least, you worked for urgent for many years. Many people know urgent of Kings Cross and you were also very involved in that.

Um?

Please explain why you now set up your own development business stories and with the sole focus on social responsible development.

And what drives your business model?

Thanks, thanks very much for inviting me to be part of today.

And yes, I spent 15 years at Kings Cross and hopefully that project in its own right created a lot of positive social value as well.

But I got to a point where I suppose that you just get to stage of your career where you have a bit of an ambition or an idea you want to test it out and that's that's where I got to and my my idea and my aim was to really say to ourselves.

Or how can we. How can how can we look through how can we change the sort of lens that
we have on property development?
So could we look through a lens of positive outcomes that we want you know good positive outcomes that we want to create for people?
And how can we use property development as a tool to facilitate that in a way?
That's why the business which the property business is called stories because it's ultimately about the outcomes, the stories that people tell about how they've been able to get on better in life and so.
And I thought, well, if I wanted to sort of challenge myself on that, let's go co-founder new business because it gave the opportunity to sort of embed that DNA from the outset.
If you're not successful in getting there.
So, so we set the business up at the end of 2018.
And actually, with a little bit of a little bit of similarity to some of the observations made earlier, right from, I think Michelle's comments.
What are we actually sort of?
Projects we're working on? Well, actually, we. We become involved in maybe slightly more challenging projects or something that might be seen as a little unloved.
There projects that generally fall within the lowest third.
The indices of multiple deprivation.
They generally focused around social infrastructure.
You know, housing, health, education,
and so on, and generally what we where we think we can get the model to work best and perhaps talk about later on is is where we've got the best alignment or optimum alignment of interests between landowner,
Thunder and and others as well.
So I thought just just in brief,
and ODU competition is with St. Mungo's, which is a homeless charity. In Westminster and what it involves doing is creating a new facility and new building for them, which will offer thousands of 10s of thousands of Knights of care per year for for for their customers from emergency to longer term accommodation, and involves 100 rental homes, and then ultimately will have other impacts within the wider community as well.

So so it's very much, you know we saw. I suppose you could say it's taking quite a broadview of what social value is. Really about just finding ways in which we can change, you know. Change people's lives and help people get on in life a little bit better as well. So so perhaps we can talk a little bit more about that project in a bit as well. Thanks Richard, that's very helpful. I would now like to dig in a bit more on the measurement of of impact and how do you actually create that impact, because we hear a lot about that, but OK, what is at the heart of it? And also how dead links to returns? Because that's all seems to be always and ever coming back question. And yes, that's nice social impact, but it probably comes at the cost of your financial return.

So let's talk about it. More about that, but before we do that, I would like to get the second polling question. Which is how do you think the real estate industry can make to create the greatest impact an which and we have a couple of options? And actually you can choose as many as you want, creating more affordable housing, creating more social mobility, reducing the environmental impact of the built environment, creating thriving communities. Order don't know.
Can you please give your votes now?

Can I have the results please?

OK, well we see quite equal outcomes with still the biggest focus on reducing the environmental impact of the built environment with 63%.

Um, voting for that, and now we have 60% for creating thriving communities. A bit less 50% for affordable housing and creating more social equity, equality and mobility. 44% interesting outcomes with quite similar results.

I would like to dig in a bit on how do you create the impact we see.

Kind of the last two three years I think we’ve seen a real tendency for impact investing funds. Well, sometimes it seems as a I often draw the analogy to the development of sustainability save 1520 years ago where that first started with specific funds focused on sustainability, where you had your cream front almost as a unique selling point.

Often when I hear about impact investing funds, I get the same thought.

Is there’s a unique selling point and how does that relate to kind of integrally incorporating it in in your business and kind of?

What are the skills need?

What is the operational focus?

How do you successfully create that impact?

Delete can I start with you?

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Sorry about that. I think first of all is a as a general comment.

I would I would view that,

for example, that ESG or what is known as CST, and there’s a lot of different sort of symbols that significant the setting of the same thing.

And impact or what you want to call shared value are not necessarily the same thing.

They can be the same thing or for example in the SG.

The social aspect could be could refer to two different
types of social social investment, but really they can follow two quite different, quite different paths. And an example of that could be. For example. I remember reading an article in fact by by some other people at the Shared value initiative Mark Kramer, who raised when I thought was interesting point that for example, if you look at the subprime crisis. In 2008, all those banks received full marks in terms of their yest initiatives, and they were all they got. It got a very clean slate and yet they created. Well, they were partly assisted in creating a situation that was far from optimal. Looking at the way that they they, perhaps they behaved in terms of. That alone, let alone our portfolio, so that brings it on to the next question of I look for. We tend to look through things from the lens of shared value from that point of view. What we try and look at is how much societal value you can create through a series of specific initiatives. But within a corporate structure so that from that point of view we are relatively different in that, for example, Michelle is clearly an impact investor, and the funds that she has constituted our our impact fund. Where is really what we're trying to do to certain extent, is something a little different in that way we're using. Shared value strategies that form a central part of our strategy is not necessarily something that an adjunct to a core strategy. It's an integral part of that core strategy, and we buy. As I said, non performing retail and we use those strategies to create more resonance with the community. In terms of things like measurement, we tend to move more down the line of. Assessing initially, incidentally, we did just.
We just did assess output and we didn't do very well at all.

So he tried to move further down the line and assess outcomes, and that created a very different image of what was what was going on, and but the success rates we were having.

So really it's it's information and its metrics, but it's information and metrics to help us better what we're trying to undertake as part of a core strategy.

Yeah, thanks a lot, that's very useful and maybe Richard you talked about kind of embedding social impact in your business.

So how does the. How do you create that value?

How do you embed that in practice?

Well I mean, firstly, yeah there's a few things we do it you could say at a corporate level that we've tried to do to ensure that we hold ourselves account to what we're trying to achieve.

Around you would see that we are a B Corp pending status at the moment and I can come back to that in a bit if there's time but but I mean ultimately that's that's about us having a mechanism to actually just support our broader aspirations and names that we've talked about already,

and so when creating, you know, in terms of what are the tools that we would apply as a developer in trying to create more impact or one of the key ones is actually trying to not sort of. Price not not try to sort of take returns and so on for mispriced risk.

But to actually try to better align interests between the landowner in particular and the capital.

So typically that involves. Both of those parties wanting to have a longer term interest in what they're what they're trying to achieve.

We think that that makes quite a quite a set things up to create better outcomes and, and Secondly, we we think there are tools that we can deploy which don't actually cost anything.

So in terms of your comment about.
You know, is there a sort of tradeoff between economic returns and maybe broader value that broader social returns that can be achieved well?

Actually, some of the things I think we can do, you know, not necessarily having to invest more money, for example, but just doing it better or doing it more thoroughly, or doing more deeply. So one of the key things can be around, you know how we engage with people, for example.

And what tools and methods we used to do that? You know whether it's using, you know feet on the ground, but also technology such as you know these various tools like built ID and things like that to find it get a deeper level of engagement people so we can better understand, need and then better actually propose a set or generate a set of outcomes for any given project that we're proposing to to work on. And actually sure you might spend a little bit more money on that. But actually, if you consider the sum of money, you spend marketing a project. Person to sum of money you spend engaged, he said, was if I transferred a bit of that budget from marketing to to investing in the engagement piece and actually that could be your marketing in a very different way for the project as well as maybe a sort of final final thoughts on it.

Is that the you know we as a business also do genuinely seek to take a a sort of Fair distribution of the returns. You know, we ours is a commercial business again today. We're not a not for profit. The charity we need to make some sensible returns, but it's about trying to make it fair and I think on did it come about this sort of, you know how do we maximize shared value? And stakeholder value, rather than necessarily just
You know, for us, that means that actually our particular return, because we've been able to hopefully dearest some things as well, can be a little bit more modest at the end of the day, it's appropriate for what we want, and it's trying to say, can we just get a little bit of about a balance in terms of who benefits from any given any given project? Actually check that's very helpful. And Michelle, you've been in this business for the longest, so you can really comment on the the tradeoff between the financial return and the impact it what we hear often is that on an absolute basis, financial returns might not be as high as in other parts or real estate worlds or private equity, but on a risk adjusted basis, they're very compelling and and we hear about long-term versus short-term. What's your view? And so my view is that that question itself is quite a blunt instrument. It very much depends what you are investing in. So if I look first just to practically at our own real estate funds, those vehicles, they're opportunistic. We're doing lots of development redevelopment, they are highly and utterly commercial. And in those funds, we think that having a lens on the societal. Outcomes of the buildings that we are investing in makes us better investors. Why does it do that? Well, it does it partly because it's to do with spotting trends, so I gave the example and we were looking at unloved buildings in inner city areas, but the customer using actually Michael Porter Dilip.
The competitive advantage of the inner city we were looking for where they could be really interesting.

Commercial and social value opportunities.

So it's very old story, but the Hot Sun Hotel. Actually made us about 7 times our money.

Why did it do that? Because it was looking early at taking those inner city buildings and creating budget boutique.

So our focus on those geographies led us because we've commercially minded to say well how can we come up with something creative that uses that building in a way that's actually going to play into macro trends and do really well.

So one of the reasons that our outcomes focus we think delivers, Superior Financial returns is because it takes us into looking at challenges of SoC and then looking for investable opportunities.

So that has led us over the years into, for example, those period of time when nobody wanted to invest in building elderly care homes, care homes for the elderly.

Those are incredibly important for the body of our SoC and we went in and we were the ones that were prepared to work with.

Had a partnership with one particular developer developed 100 million pounds worth.

Of care homes for the elderly that is now a sector that's moved on an institutional money will very happily do that kind of investment.

So we've moved on to what we think the next challenge is, which is aging in place.

And so we've looked. We're looking now at assisted living for elderly people for rentals so that they can not have to end up in a care home at the end of their lives. They can hopefully age in place with as much as little care as they need, and perhaps hopefully even die in place.

So we feel that by using this outcomes based approach,
we're spotting macro trends and spotting opportunities and kind of getting there before the more institutional investors. And then we're exiting to the institution investors and then the other element of future proofing, or of measuring and thinking about societal impact is that you do you future proof any investment. So by looking by just being smarter to Richard's point, just thinking more when we are building a new building, how can we use the cutting edge in terms of. Being as environmentally friendly as we can within our cost constraints, we're going to get a building that we think is going to be occupied faster and is going to sell well because it's being built in that way and then finally in low income housing. We've also found it really kind of ties with Richard. Was saying it's about approach, so we were looking at building some. Large residential accommodation in Croydon. It was a situation in which it had been approved with only a 15% affordable elements, and then there had been a change in the politics. The majority of the Council and they said, right? We're taking that. You have to do higher. The developer walked away. We walked in with our joint venture partners, saying, OK, we want to build as much affordable as we possibly can. How can we work with you to do it? And we ended up with a situation in which the Council put in the land and we didn't have to pay for it until after we had already finished the property. They actually made some affordable. Loans available as a result, we did 50% affordable. We did not reduce the returns on that at all. It's partly just breaking down that sort of war between developers who are seeking to always minimize the affordable elements and planners who are seeking to try to maximize it
by having a different view.

So I don't say that all impact investing is at market rates of return, but I definitely depending on the assets we think it's enhancing of return and the last thing I wanted to say was slightly more technical.

So I don't say that all impact investing is at market rates of return, but I definitely depending on the assets we think it's enhancing of return and the last thing I wanted to say was slightly more technical.

Point about PSG versus impact, I suppose. The major difference that we see there is ESG tends to be very focused on risk D risking buildings or D.

Risking investments tend to be very focused on processes and what I've already heard from the others on this panel is this new language. We think of an impact language which is more about what is material one the material, negatives, material positives. How do we maximize the material and positives and minimize material negatives?

And let's think about outcomes. Not just process is an let's think about opportunity and not just risk.

I think that's very interesting.

Your last comment and maybe Christine I can come to you because you operate globally all across the real estate spectrum. An often in in collaboration with local partners if I'm correct.

So if I if I take Michelle's latest comment, last comment on ESG is around the risk. And in fact, it's more about material optimizing the positive elements and minimizing the negative focusing on outcomes.

How do you deal with that internally? Is it more process focused in your due diligence, your management, or is it outcome focused?

I think we have a part of both.

You know, we use the ESG language to define our aspects to understand what is material for us, and we obviously work with our risk group for due diligence to understand there with with our partners where the risks of the markets are.

But I think in our philosophy,
in our into, in our eight,
in our DNA we were impact focus,
you know, are the title of our latest strategic plan
is.
Investing with this conviction to to make a lasting impact.
So it's definitely in our way of doing things so.
Creating and measuring impact is a mindset for us,
ultimately. So you know, we've been trusted some capital to
best in this.
To create that impact. So real estate by definition is
a long term investment,
you know and and we want to create value for
all our stakeholders and that does include our communities.
It includes the occupants of the building.
It includes our shareholders. It includes our employees and
our suppliers.
That is, that is income tax in the return that
we want to calculate.
SO extra financial aspects need to be considered to,
and that's where we maybe call them ESG.
But ultimately we want to have the global picture of
our impact either on the financial side,
which has been which where the frameworks I've been
forever,
the ROI, and now we're working on Sr.
Wise. So the difference between all of that.
Is I think and and some of you mentioned it
is is the notion of time,
so the financial, environmental, economical and social
impacts are not
measured or evaluated on the same time stand.
We, although we don't believe that we can have good
returns in integrating those easy astic in having that impact,
it you know one the return does not come on
sacrifice of being a responsible company and vice versa.
Anne Anne Anne. I've made a little research 'cause I
if you know there are still some skeptics around there,
but it's been demonstrated that responsible invest
investments still delivers
better performance over the long term than than their regular
and irregular than the US market SP 5500 for example.
So when they were comparing MSSI KLD 400 social index to the SP 500, More often than not, the social Index performs better than the SP 500 in the over 10 years, so between 2000 seven 2016 it was between plus 6% to minus 3% of return. So on average on a 10 year. The Sri index or the social index performed better than the SP 500 so. I think in itself you know that we're going to see that's proof in the pudding, and when you're an investor, your Co investors and your your stakeholders always ask you what is the global performance of your of your portfolio. And obviously and we'll talk about it later. I think measurement it is key to that. We realized in the past few months that many investors are at the same I call it being on the corner of the street where we all look at each other to see. So how do we measure that impact? You know, when you have huge portfolios like we have in when you have such diversified portfolio an where we're all looking at each other to to to find what? Which model would make sense for the business and what we realize is that in measuring an impact you can have the overarching measurement of it. But then there are so many specifics KPI and targets that you can identify that it makes it hard to have. An A standardized measurement so so we started working on a more. Custom I'm going to call it like that and more custom model so we're testing something with our affordable housing portfolio to see if it makes sense to with the KPI that makes sense for us that are that are material as Michelle was saying. To our stakeholders and for the success of our business and then with a different.
Investment vehicles in affordable housing. We're looking to see which one makes. Seems to have more impact in our community and for the community. And when I say impact. Obviously I'm talking about positive impacts. Anne Anne Anne. In time, we've realized, and that's where I think there's a progression between environmental impact. So in an or measurement and social measurements. So environmental measurements I, I think, can be. I'm going to be easier 'cause when you measure an environmental footprint, you obviously most of it is related to energy or or a waste or water. And most of those have a cost. No and or a fee attached to it. Because when somebody picks up the recycling or deals with compost, there's a cost associated to that. So when we reduce our environmental footprint, we're able to attach an economy call value to it. For the social measurement, it's a little different because. Did the time span is different? You know in affordable housing, how do you measure the quality of life of the tenants and then their success into education into job? The fact that you've been able to to to offer affordable housing so it leaves them with. A larger discretionary budget. So what do they do with that budget? Do they eat better than they get educated? Better you do, they save to be able to go to the next level of housing so all those impacts you know it could be two years, five years, 10 years. Depending on on this subject itself. So so. I think I know where at the corner of that to figure out. OK, what makes more sense for us to measure? And what makes more sense for us to communicate? And as Richard was saying,
and that's the name of his company,

What we know though, is that at the heart of

our story is that we want to create a positive

positive impact with a little bit of French coming in

the conversation. And we want to create a positive positive

impact.

And we want to create value for all our stakeholders

and mainly at the at the heart of real estate

is people you know when we spend 8090%

of our time indoors. Most of us in the industrial

country that leaves an enigma,

now even developing countries. So real estate is at the

heart of what you do.

So people are, you know,

we work for the people you want to.

You want to create value for our communities.

Thanks for saying that's really helpful.

Let's move on to the measurement topic you for many

of you have already commented on it.

We've already heard quite a few frameworks.

Dilip talked about shared value initiative.

Richard, you mentioned bicorp Christine.

I know I've now Cambridge is supporting or is addressing

four of the 17 UN sustainable development Goals.

And Michelle, you've been involved as bridge is very happy

with the measurement.

The Impact measurement project.

We've seen similar things with sustainability where we have

Braham,

we have lead how. How helpful is it to have

all these different initiatives?

How important is measurement? We see that often as an

impediment for further focus.

What what's the next step?

Do we need to make those measurement systems common?

Who if you want to comment on that?

I would be I'd be delighted to kick off if

that's OK just because it's something that we've really

agonized

about.

I just want to clarify one thing.

First of all, when I made my comments about ESG
and impact,
I suppose the way I see it is that now
I don't.
I think that ESG practitioners on the whole are themselves moving from a focus on processes and checklists to a focus on outcomes,
so I wasn't seeking to say sort of impact is there than you better version than the ESG.
I think we've seen. ESG and Impact grow up in separate silos and now we see them coming together and it's part of what you said is that about?
Is this something that will be a specialist activity or is this something that everyone will be doing?
And I suppose bridges own experience has been we started out with a relatively small goal which was let's take this tool of investment and use it for some societal purpose and we thought that would always sort of just sit on the on the outside of mainstream investing.
But we've always also had a mission to try to get more capital invested in that way as we went into our second decade,
we realized a much more ambitious goal, which is actually impact outcomes.
Should be one of the dimensions included in every single business and investment decision.
Now, if that is going to be the case,
then we absolutely cannot carry on with so many different and competing approaches.
And standards, it makes it incredibly difficult for LP's like the ones that Christine is.
Is is working with, where they've got multiple investments.
They're trying to compare. Different asset cards are trying to compare different managers or different projects.
And those projects are really using the Corporation or they're using Iris,
or they're using the PRI,
or they're using. I mean,
the list goes on. So we decided through we've got a nonprofit at Bridges whose job is,
you know, to try to be impactful in the world through using intellectual capital as opposed to financial capital and
trying to see where could we do some thinking that might push the market and born out of that. Was this thing called the Impact Management Project Impact Management project number one? It's a project, doesn't want to last forever. It's project is to try to get globally accepted norms and standards. Not just for measurement actually, but for management of impact because management of impact means identifying what are the material positives and negatives, because every investment has them. And then the process of trying to enhance the positive and trying to decrease the negatives. That process is the management of impact. In order to do it you need to measure impact so that you can identify what is material and you can manage it. What have we done so far? So this is a collaborative efforts over 2000. The first thing that the group in our non-profit brought together was a 2000 asset owners and asset managers. To try to agree, what are the five dimensions of? We came up with five dimensions of impacts and what do we even mean by impact outcomes? We came up with the five dimensions. It's all publicly available on the Impact management site, but there are things like who is impacted with what, how much, what is the contribution of the business of the investor, and what is the risk? What is the impact risk as we should always remember that impacts can be negative as well as positive. So we came up with the five fundamentals that were agreed by that practitioner group of about 2000, and now we've moved into the next stage. We continue with that, but the project is now working with 13 of the global standard setters, so that is the global impact investment network, the PRI. It's the United Nations Development Program because of the Sustainable Development Goals and the project,
the Impact Management project is working with them to try to have them come up with shared standards and shared norms. And it's hopefully hopefully going to get to a place where it could even be apart of the G7 and hopefully the G20 in terms of governments coming in and recognizing some of those norms. So the projects very ambitious. It's trying to essentially do for accounting do for impact outcomes measurements what was done for financial accounting around the time of the Wall Street crash in 100 years ago, so I've stopped there, but fundamentally. What we're about there is is ensuring that investments and managers can be assessed not on how good they are at measuring impact through their own systems for it, but actually. What is their impact on society? Because we have some shared norms. And I would love you know. I think a lot of this originates in. Business investing and then there is a terrific opportunity is very excited about your project. I think there's a particular a terrific opportunity meant maybe even to collaborate to think about, you know this has to happen across all asset classes and a lot of corporate social responsibility has originated in companies and how they think about themselves. How do we? How do we really make it work and make it sing for real estate investing and then infrastructure and will be other assets? I think it's a great initiative. Anyone else who wants to comment on that. In the meantime, I can also raise a few questions which you maybe could incorporate because someone asks about reconciling the need for measurement at corporate level with the danger of instrumentalization at ground level. And another question also about measurement is how do you measure the various and numerous indirect social impact effects that stem from an initial investment.
The example given is around affordable housing. And the impact on higher future savings. Better education, Christine. Some of the topics you talked about. Better job matching. Is there a standard tool that government industry and government use to attach these values? If not, how are the differences aligned? I think this is the challenge that keeps us all busy. No, Christine, you want to comment. Well, well, you said it is that it is challenging and it is. It is very hard to evaluate. I think we we were looking into working with with a group that could help us identify the indirect benefits of social housing for example, and health as the person who asked the question on the forum and mentioned it health. It is one of those indirect impact you know when people are well loved. Obviously they they have more time to take care of themselves, they are there. We feel more secure. So in terms of well being, that also has an impact on their mental health and eventually on their physical health. So just to say that we are at the beginning of working on that and we're looking into. Some kind of partnership with with an agency to to understand that and behind all of that is is huge databases and an algorithm and. Historical data to show the outcomes of that you know. So we have to identify proxy that makes sense for our business model and see how to apply it. Because as I was saying earlier, it's not something that you will have an immediate result on an it's not something that as a company will be able to identify clearly 'cause we don't have necessarily direct access to the data. You know some of that data is kept into governmental hands. Some of that data is is.
Approximate with proxies and and and so it's not an easy task.

Thank you, I feel we've just got up to steam, but we're actually have only 8 minutes left, so we need to start closing already.

I'm very sorry for that so I would like to move to the last part of the conversation.

And can I have the last polling question please, which is what do you think would be needed to attract more capital, social value, impact investing strategies?

Helping us to look forward with the options are better understanding of definitions and scope. I feel free to already answer again. You can choose as many as you want.

Better understanding of the risk return profile, better ability to measure impact, more pressure from investors, stakeholders, more and better products for investors, orders or not sure.

Could I have the results please?

Argon, quite a mixed picture. Again similar to Glass, but well, we've been talking about this a lot already.

Better ability to measure impact and then we see similar results for more pressure from investors stakeholders.

49% better understanding of the risk return profile 57 and I interpret that as also a measurement.

Issue because if you have a better understanding you need to do that.

You need to measure better understanding of definitions and scope.

33% more and better products for investors at 18%.

I would like you to ask all of you the last question more.

Is it kind of what?

What do you think is needed to?

To kind of increase of focus on social outcomes all across the industry,

and um. And what what do you think are the important elements for that?

And maybe Richard I can.
I can start with you.
Sure, yeah, so so my I suppose my first thing is my my please with my developer hat on and links to one of your questions, which is that I would ask for a real effort from from developers to try to actually establish projects and opportunities that actually do further enhance outcomes.
I was quite interested in another good piece of work which is being, I think by the Green Building Council, UK Green. Coding Council and was just looking at case studies of projects that have you know that in one way or form contribute to this debate in this discussion and our understanding of what what impact is and actually it was, it was great. There was some great examples there, but actually there were relatively few examples in away and none of them actually or many of them didn't really tend to have the opportunity to run in terms of how they were measured for the continuous life of the project as well.
So so my please to is.
This is for people such as myself to try to create more opportunities for people to to be able to hold up as something that we think is is move this, you know, move, move, move the narrative forward a bit.
I also think I think one of the things that if I feel important is that. There's an important conversation to be had about the role of how public and private sector work together, and you know, actually, there there are. Also there's all sorts of things.
So, for example, in the UK, when land public land is being disposed of in some way or being procured, there are tests you know for good reason, like best consideration tests which which you know through the Social Value Act and so on have been expanded a bit to take into account broader definitions of what what
Often coming back to money and opportunity, might my other ask is an opportunity for public sector to be able to take up more joined up approach in terms of how they value the consideration that's coming their way. If they're going to partner with somebody on a piece of land is also one way in which one can move things forward, so it's as much about how land values treated, particularly the public sector, can be involved in it as much as it is how investors perceive it when they're making an investment decision as well. Thanks Richard, that's very helpful.

Um, Michelle, you want to comment? Gosh and definitely one of the biggest obstacles that we have is planning, so just that's a very UK element because we as I tried to say in the case for example of the affordable housing we've got so much in common with planners in terms of what we want to achieve, but actually just being able to move quicker through that process would release a lot more capital into those kinds of investments, but much more generally than that I think. I think. I'm going to call out expertise, so I think that one of the reasons that you know ESG has become so prevalent, in part because it's become a norm to have somebody in an investment firm that is specialized in it. And I do think it's really important if you look at the real estate sector too. Just training and expertise to allow traditional real estate investors to better understand the opportunities associated with.

Social value lens in investing will be a very positive thing. No doubt that LP investor pressure remains important, but I think there's something and there was a question on the Q&A there about financial returns on what happens if financial returns are not market and I think just openness about which strategies can be can
involves.

Market rates of return and which cannot to ensure that investors then can self select.

So if you think about bridges, we’ve got the funds. I’ve mostly talked about or are sustainable alternative property funds and they enjoy, you know, market returns, so there’s a lot of institutional investors can invest there,

but we do do some other property investments like ethical Housing Company which is only going to ever generate low single digit returns.

Very derisked though. And the investor base is really quite different,

so segmentation of the investor base and understanding their impact does not mean a tradeoff in returns,

but you know. But but being really clear about both, what impact can be achieved and what financial returns can be achieved in different products.

I think would lift a veil of confusion from a lot of capital that is slightly doubtful about whether there is a trade off or not.

Thank you, delete.

So could you remind me what the question was?

Again, I'm sorry, could you?

Well, what do you think is needed?

Going forward to get a bigger focus on social value, more integrated role of public private sector.

The any of that? Yeah,

I mean, I think I'll just take a different perspective.

I mean, I think that well,

Michelle Richard have said it's really correct and there's a lot of issues like at the local level.

You need to map out a system people need to need to understand each other better.

And perhaps when you're trying to create something together you

want me to understand as well that capital isn't the necessarily the protagonist in all of these these stories,

you need to try and understand other people in this system and try and bring them in.

And have a clear framework to to or model to
to develop a strategy initially,

but I think what's going to happen in the future

is that I think that really since about the last

since the last recession in 2008.

The impact investing shared value and ESC have all taken

on a new form and and you protagonism globally.

You can see that for example,

with the Business Roundtable in the United States,

whereby they've essentially come in and put purpose into

their
decision-making.

Whether that's sort of just talk over wash over or

not.

That remains to be seen,

and a board member of the Spanish equivalent in in

Madrid.

And it's an issue that is.

It's being raised a lot by civil society throughout,

and as we approach the situation with going back to

your initial question,

if you like the the situation with respect,

their covid and how that will redefine,

at least in the short term,

high society for operable. It's a bit like putting it

the other way around.

I mean, those business actually have the opportunity to ignore

impact investing,

social value creation, and ESG.

ESG is relatively simple. I mean,
to certain extent, environmental issues are already a clear business

model in in terms of reducing your carbon footprint,

that's now gone to the next level up as much

as Michelle was was referring to.

But I would say it's the other way around.

I don't think companies now in the world that we

live in can really ignore this.

This this this. Discussed in this understanding of their role

in society.

That's my point. It's Christine.

Do you want to close with your Maps?

Yes, well, thank you for I know the time is
I think what we see is we're under moves. You know they're the largest investors voiced their influence to demonstrate the value or the creation of value and impact. Investing as the Philip said, the through crisis and we're going through one crisis right now. I think this will accelerate the transformation and it will offer opportunities to better understand. And focus on impact in our communities and in terms of what the role of the government can play. You know it will take courage from from them. Unfortunately they have short term mandate so that makes it a little bit more difficult to have social impact that require long term results and focus. But some decisions in the near future might not be popular, but as I was saying in transition, transition needs to happen towards a more responsible. Behavior from companies from human beings from citizens themselves. So I believe the unfortunately the actual crisis that we're going through will help us accelerate this behavioral change. Thank you, thank you all. Um, I could have gone on for a few hours and but time is up. I would think all of the panelists. So much for the contribution. I thought I found it really interesting. I would like to thank all the participants for your time and contribution. Listening in you can find this recording as well as the all the other recordings and the research on our website theknowledgefinderknowledge.uli.org. And then finally I would like to draw your attention to the upcoming webinars next week, 3rd of June. The role of technology in managing real estate and on the 10th of June confronting the pandemic and beyond redefining city resilience. Thank you all and have a very good day. Bye bye. Thank you, thank you,