



Contents

- 3 The year in numbers
- 4 Introduction: Scaling up
- 6 2023/24: Bridges highlights
- 8 2023/24: Market highlights
- 10 Building A 'Best for the World' business
- 12 **Our themes: More Sustainable**
- 14 Case study: Hycube
- 16 Case study: Click Aylesford
- 18 Case study: Cornerstone, Beech Street
- 20 **Our themes: More Inclusive**
- 22 Case study: New Reflexions
- 24 Case study: Birchgrove
- 26 Case study: AgilityEco
- 28 **Bridges Outcomes Partnerships**
- 30 Case study: Stronger Families
- 31 Case study: KBOP
- 32 Case study: Sierra Leone Education Innovation Challenge
- 33 Case study: Kenya Health Outcomes Partnership
- 34 **The Bridges Impact Foundation**

Key highlights*

£267m

funds raised
across the platform

9

realisations/
pre-sales

£109m

gross proceeds from
realisations/ agreed pre-sales



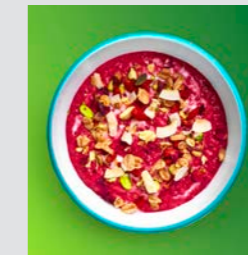
AGILITY
ECO

Fuel poverty & energy-efficiency
solutions (Private Equity)



YARDHOUSE,
WOOD LANE

Co-living development
in London (Property)



VEGETARIAN
EXPRESS

Plant-based foods
supplier (Private Equity)



JUST ASK/
NEXGEN

Facilities management for
social housing (Private Equity)

About us

Bridges is a specialist sustainable and impact investment group.

It's our conviction that building a more sustainable, more inclusive world is not just a moral and ecological imperative; it's also a unique opportunity to create and preserve economic value.

Since 2002, we have developed a platform of private markets strategies to invest in solutions that support this transition. Within our two broad themes, we identify target environmental and social outcomes linked to global mega-trends.

Supported by in-house impact management specialists, our investment teams seek out opportunities where there is a clear positive correlation between financial and impact performance. This enables us to achieve better outcomes for people and planet, and attractive financial returns for our investors.

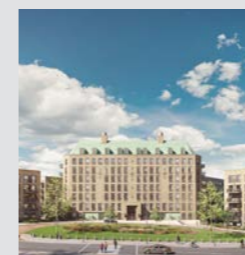
We are also committed to supporting the growth of sustainable and impact-driven investing through our knowledge and advisory work (Bridges Insights) and our philanthropy (the Bridges Impact Foundation, p.34).

£201m

committed to
new investments

17

investments across
the platform



BIRCHGROVE
MILL HILL



PINES WAY,
BATH



STADIUM PARK,
DUBLIN



RENAISS
HEALTH

*April 2023 - Sept 2024

Introduction

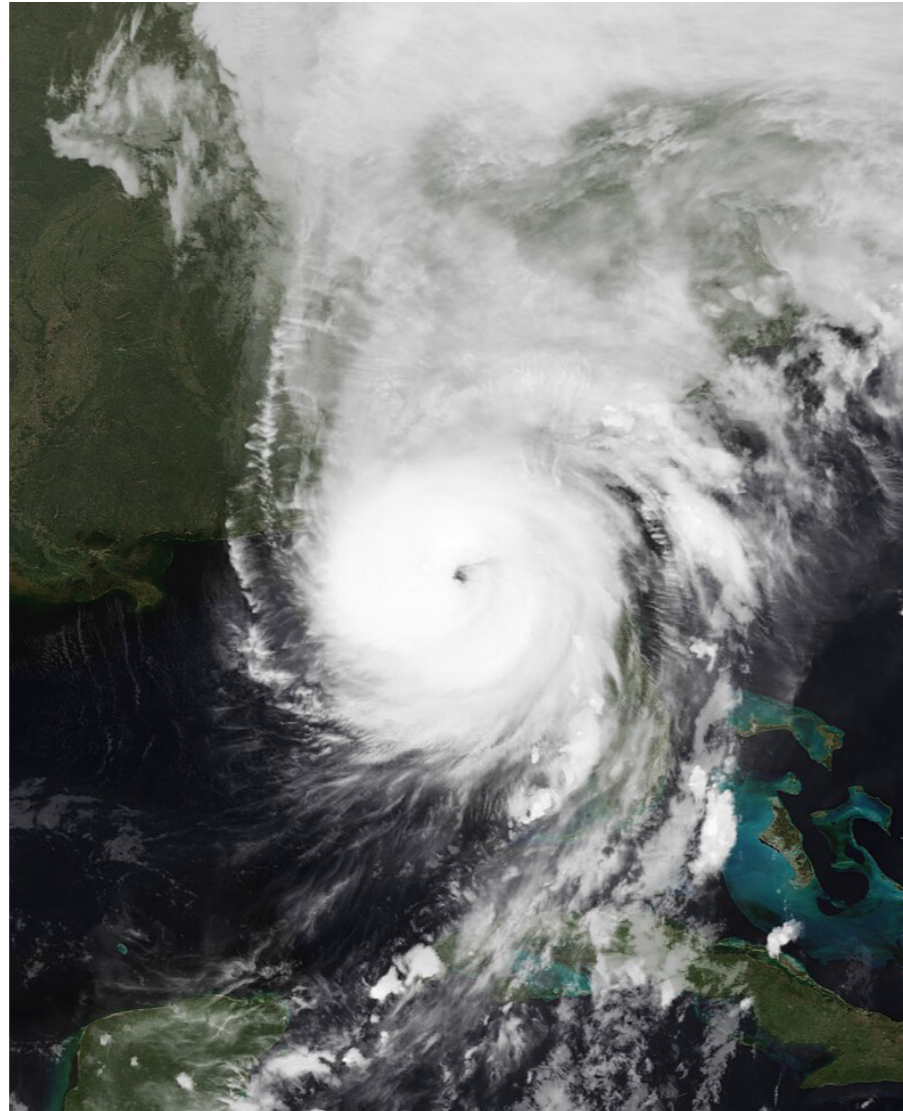
MICHELE
GIDDENS
CEO



This summer, Bridges made the next step in a natural leadership evolution, with my co-founder Philip Newborough moving up to become our Executive Chair.

Phil's contribution both to Bridges and the broader impact investing movement has been extraordinary over the last two decades, and we are all so grateful for everything he's done. In his new role, he will continue to support our investment committees, strategy and the development of our young talent.

For my part, I am hugely excited to have the opportunity to lead Bridges as sole CEO into its next decade of growth (alongside our strengthened and expanded Executive Committee). Since 2002, we have developed a platform of private capital investment strategies that all reflect the same central mission: to build a more sustainable and inclusive economy. We have now spent two decades working to understand how a focus on sustainability and impact can drive attractive financial returns - the evidence of which can be seen in the string of successful exits Bridges enjoyed this year in both our private equity and real estate portfolios. Investors around the world increasingly see the value in using their capital to solve global challenges, which is why impact-driven investing is one of the fastest-growing areas of the financial markets. And we have built a team of talented, passionate people who believe in our mission and are working every day to make it a reality. That's an exciting place to be.



Above: Hurricane Helene in September - another extreme weather event with devastating impact

At the same time, however, the last year has really underlined the scale of the challenge ahead for all impact-driven investors.

Let's start with sustainability. In 2015, the landmark Paris Agreement committed to trying to keep average global temperatures no more than 1.5°C above pre-industrial levels. In 2024, according to the Copernicus Climate Change

Service, we will exceed this limit for the first time.

We are losing the battle against global warming. And we're already seeing the very tangible consequences of this. This summer, the US eastern seaboard was battered by 140mph winds, claiming 230 lives and causing over \$190bn worth of damage. I was recently in Spain in the immediate

aftermath of the devastating floods in the east of the country, which killed over 220 people and displaced thousands more. These extreme weather events will become more common as the planet heats up.

Our window to act is limited, and it's closing fast. If, as expected, the new administration in Washington chooses to retreat from global climate diplomacy over the next four years, it will be even harder to achieve the concerted global action we so desperately need. Which makes it all the more important that private capital steps up. In these pages, we showcase some of the investments we're making to help tackle this: in housing, in energy transition businesses, in the circular economy, in low-carbon logistics, and more.

On inclusion, there is also cause for concern. After what have seemed like great advances in recent years, through movements like #MeToo and Black Lives Matter, it feels like we're seeing a backlash against some of these ideas, with the so-called 'war on woke'. On both sides of the Atlantic, DEI has become a dirty word in some quarters, just like ESG did before it. Rather than being seen as a mechanism to make the world fairer, by removing historical barriers to opportunity, it is being criticised as a byword for unfairness and unearned advancement. Politically, it feels as though the argument is currently being lost on some of these issues.

Ultimately though, the populism that seems to be in vogue in many parts of the world reflects the

Our window to act is limited, and it's closing fast. In these pages, we showcase some of the investments we're making to help tackle this: in housing, in energy transition businesses, in the circular economy, in low-carbon logistics, and more

failure of governments to improve the lives of the people who vote for them. The answer to this surely lies in investing in improved living standards: better housing (for young and old alike); cheaper and more reliable energy; better access to essential services. This report also highlights some examples of how we're trying to support this through our own investments.

And there are reasons to be optimistic. Here in the UK, the new Government has already made big commitments to clean energy, health and education - all areas where impact investors can play a significant supporting role. It's also making positive noises about finding new ways of working, with a more outcomes-based approach to the delivery of services - an area where Bridges has established considerable expertise over the last decade.

Indeed, this year saw the official launch of a new Bridges vehicle (in partnership with UBS) that is looking to bring the lessons of outcomes-based partnerships to the world of international development. We've already been able to support some hugely impactful programmes in areas like children's education, job creation and plastics recycling - and there are some incredibly exciting opportunities on the horizon.

In short: the challenges ahead are not getting any easier. But at Bridges, we believe we have the tools and the people to make a real difference. We remain hugely grateful for your support, and look forward to achieving more together in the coming year.

Bridges in 2023/24

NOVEMBER 2023

GREEN CO-LIVING
Bridges and our partner HUB acquire 150 Minorities, a part-vacant London office building, for £39m; we plan to do a brown-to-green conversion into co-living apartments

JANUARY 2024

EVORA BOLT-ON
Evora Global, one of Bridges' private equity portfolio companies, completes the bolt-on acquisition of Swedish real estate data management business Metry

FEBRUARY 2024

FORWARD-FUND
Bridges and HUB agree a landmark £88m forward funding deal with Singapore-based CDL to deliver Yardhouse, our co-living scheme in west London

FEBRUARY 2024

INSIGHTS
Bridges publishes "The Case for Co-living", a short paper looking at the economic, social and environmental rationale for co-living

APRIL 2024

LEADERSHIP
Bridges co-founder Michele Giddens is named by Private Equity News as one of its 'Twenty Most Influential in ESG' for 2024

JUNE 2024

ASSISTED LIVING
The new Mill Hill site of Birchgrove, our assisted living platform, reached practical completion. This will be our fourth opening (five more are under construction)

JULY 2024

A FOURTH PE EXIT
Bridges completes its fourth private equity exit of the year, with the successful sale of community-focused services business Nexgen to Bidvest Noonan

SEPTEMBER 2024

INSIGHTS
Bridges publishes "The Value of Low-Carbon Logistics", a paper looking at why sustainability is so important to occupiers and investors in this growth sector



JANUARY 2024

AGILITYECO EXIT
Bridges exits AgilityEco, a leading home decarbonisation platform, for a 3.4x return. AE supported more than 200,000 people in fuel poverty during Bridges' investment (p. 26)

FEBRUARY 2024

5* PRI ASSESSMENT
In our latest assessment by the Principles for Responsible Investment, Bridges receives a 5-star rating in all three eligible categories

FEBRUARY 2024

VE EXIT
Vegetarian Express, the specialist plant-based ingredients supplier, becomes the latest successful Bridges private equity exit

APRIL 2024

VIVA EXIT
Bridges' private equity funds complete another exit, with the sale of Viva Gym to Providence Equity Partners



JUNE 2024

INVESTORS
Bridges' Annual Investor Meeting takes place at the Building Centre in London, a venue chosen to reflect this year's theme of decarbonising the built environment

JULY 2024

LEADERSHIP
Bridges evolves its leadership team, with Michele Giddens taking over as sole CEO, and Philip Newborough stepping into the new role of executive chair

JULY 2024

GREEN LOGISTICS
Metroplex Park, Bridges and Chancerygate's 70,300 sq. ft./EPC A+ BREEAM Excellent-rated sustainable logistics development in Tolworth, achieves practical completion

OCTOBER 2024

LONG-TERM LPS
Bridges is selected by Fulcrum Asset Management as a partner for its new Long Term Asset Fund (LTAF) – designed to help DC pensions access longer-term investments (p. 8)

The world in impact, 2023/24

Bridges is committed to supporting the growth of the broader sustainable and impact investing movement. Here are four significant market milestones from the last year:

DECEMBER 2023

COP28: First 'global stock-take' underlines scale of challenge ahead

The staging of the COP28 in the United Arab Emirates caused much controversy – since fossil fuels directly account for 30% of its GDP, and COP President Sultan Al Jaber also happened to be CEO of the Abu Dhabi National Oil Company (one of the world's largest oil producers). Nonetheless, it was the biggest COP to date, welcoming over 85,000 participants to Dubai, including more than 150 heads of state.

The key headline event was the publication of the first global stocktake, examining the world's progress against the ambitious Net Zero goals established at COP21 in Paris eight years earlier. This made for uncomfortable reading. Although significant progress has been made since Paris – the forecast global temperature increase has fallen from 4°C to more like 2.5°C above pre-industrial levels – the report makes very clear that we're not moving fast enough. To keep temperature rises to 1.5°C, we would need to slash global emissions (relative to 2019 levels) by 43% by 2030; based on current commitments, forecast reductions are a fraction of that (roughly 2%). Changing the trajectory would require radical action, it stated: to include tripling renewable energy capacity and doubling energy efficiency improvements globally by the end of the current decade.

A year on, COP29 (held in equally controversial Azerbaijan, another major oil and gas producer) failed to deliver any real progress on the big questions thrown up by the 'global stock-take'. So much so, in fact, that some climate leaders wrote a public letter half-way through the event suggesting COP itself was 'no longer fit for purpose'. Next year's event in Brazil will be pivotal.



APRIL 2024

LTAfs: A transformative model for DC pensions and impact investing?

In 2020, the Bank of England, HM Treasury and the Financial Conduct Authority launched the Productive Finance Working Group, with a focus on fostering economic growth and supporting job creation by driving more capital into unlisted UK companies and infrastructure. One of the recommendations to emerge from this was the creation of Long-Term Asset Funds (LTAfs): vehicles that enable Defined Contribution (DC) pensions and other long-term investors to invest in a wider range of long-term, less liquid assets, including private markets investments. These ideas were further reinforced by the Mansion House Compact in 2023.

This year saw the launch of the first of these LTAfs – including one by Fulcrum Asset Management, which featured Bridges as one of its early private equity partners. Fulcrum has created a 'Panel of Illiquid Specialists', spanning private equity (including venture capital), value-add real estate, value-add infrastructure, natural resources and private credit. According to Fulcrum's Matt Roberts, these investments offer DC pensions "a compelling return opportunity while also contributing to the broader productive finance agenda".

Until now, DC pensions have struggled to invest in private markets – thereby denying impact-focused managers access to a potentially large pool of aligned capital. We believe LTAfs can help address this challenge, and we're excited to work with the Fulcrum team to explore this potential in the coming months and years.



SEPTEMBER 2024

The growth of impact investing assets continues to outpace the market

In September, the UK-based Impact Investing Institute (III) reported that as of the end of 2023, the UK impact investing market totalled £76.8 billion in assets under management, with private equity accounting for the highest proportion of impact capital (45%), followed by real assets (28%) and private debt (11%).

This overall figure equates to a compound annual growth rate of more than 10% over the last three years, a period in which the UK economy (and the broader UK asset management sector) has more or less flatlined. According to the III, this reflects increasing demand from institutional investors, with UK Local Government Pension Schemes in particular keen to allocate more capital to impactful companies and projects in the UK. Interestingly, the report received strong backing from the new Labour Government, with ministers taking credit for the rise of impact investing and hailing its potential role in "[getting] real economic growth back into our communities" and "[supporting] a decade of national renewal".

It's a similar story globally, according to the Global Institute for Impact Investing. Its annual market sizing estimate, published in October, puts global impact assets under management at \$1.57 trillion. This represents a compound annual growth rate of more than 20% since 2019 – once again underlining the potential of this market to outpace other areas of investment.

OCTOBER 2024

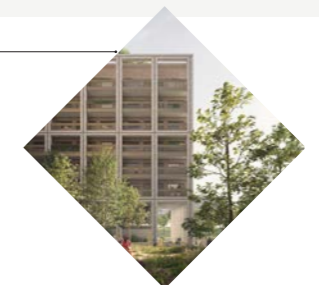
Pilot version of the UK Net Zero Carbon Buildings Standard launched

Given that the built environment accounts for about 40% of global carbon emissions, getting to Net Zero will be impossible without rapid and radical decarbonisation in the real estate sector. And with global floorspace forecast to double between 2020 and 2060, that will not be easy.

There have been a number of standards and regulations published to support real estate decarbonisation. But it's not always easy to translate these into specific target outcomes – or to understand how this relates to broader Net Zero goals.

So the new UK standard represents a positive step forward. Developed in consultation with more than 1,000 organisations over an 18-month period, and drawing on data from some 4,000 projects, its aim is to be "ambitious but achievable" while also "science-led". To that end, its "top-down" workstream sought to establish what the industry's share of the overall UK carbon budget should be; while its "bottom-up" workstream drew on actual building performance data to establish the art of the possible in different sectors. The outputs were then combined to create Net Zero Carbon limits and targets.

Testing for the Pilot kicks off in early 2025. We look forward to contributing further to this conversation – notably with the publication of our new Real Estate Decarbonisation Spectrum, which will look at how building owners can chart a path to 'True Zero' emissions.



Building a 'best for the world' business

At Bridges, we use the B Corp framework to help us understand how we - and our portfolio partners - can become better employers and better corporate citizens



Bridges was one of the first companies - and the first investment manager - to certify as a B Corp back in 2015, when the concept first came to the UK. We remain a strong supporter of the B Corp movement. Its mission aligns closely with our own conviction: that building a better future for people and the planet is also a unique opportunity to create economic, social and environmental value.

We also continue to believe that the B Corp assessment framework is an excellent toolkit to help businesses of all kinds showcase their areas of strength, and identify areas of improvement. Because the B Corp scoring system is constantly evolving to reflect best practice, being a B Corp

effectively incentivises a focus on continuous improvement - all in areas that in our view help us to become a better business, a better employer and a better corporate citizen.

On the next page, we have highlighted the areas where Bridges scores particularly well - and some areas where the certification process has allowed us to identify room for improvement. We have also highlighted some of the initiatives we have been working on over the last couple of years to enhance our performance.

This year, we were proud to re-certify as a B Corp for the fourth time with a score of 144.8 - ensuring Bridges is still one of the world's highest-scoring B Corps ('Best for the World').



Governance

Strengths:

- > Bridges has always had a mission-locked business model
- > Our board reviews our impact and ESG performance
- > Best practice ethics/ accountability

Areas we've improved:/ are working on:

- > Publishing impact performance on our website; setting more public targets
- > Publishing comprehensive integrated reports aligned with leading standards (e.g. ISSB)
- > Improving our impact and ESG training



Workers

Strengths:

- > Fair wages
- > Flexible workplace practices
- > Health benefits

Areas we've improved:/ are working on:

- > Regular employee surveying and engagement
- > Expanding intern programmes to ensure we reach more underserved groups



Environment

Strengths:

- > Tracking our carbon footprint
- > Reducing our footprint

Areas we've improved:/ are working on:

- > Formalising our climate goals in a Climate Policy
- > Setting Net Zero goals across our portfolio



Business Model

Strengths:

- > Impact management and disclosure
- > Collaboration with government and impact advocacy

Areas we've improved:/ are working on:

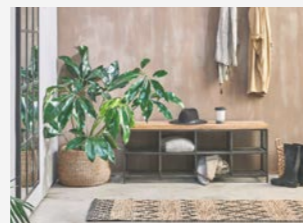
- > Scaling innovative financing structures
- > Impact-linked carry

Supporting our portfolio

In addition to using the B Corp framework internally, we also encourage our portfolio companies to certify, or at least to use the B Corp tools to identify opportunities and areas for improvement.

The B Impact Assessment is the perfect on-ramp for companies who are relatively new to measuring their social and environmental impact. It is very activity-focused, so it is easy to understand, and companies can quickly identify the 'quick wins' that will make a big difference to people and the planet.

We have now helped five of our portfolio companies achieve full B Corp certification. Highlights from the last year include:



Nkuku

Reduced its plastics packaging by more than 80% over the last three years, reducing costs and its carbon footprint



MatrixIQ

Achieved full B Corp certification for the first time, scoring highest on Governance and Customers

IN FOCUS



Community: Our focus on DEI

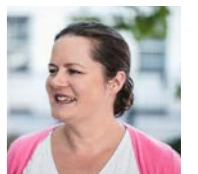
Bridges has consistently been able to demonstrate a strong commitment to community through our link to the Bridges Impact Foundation, which receives a portion of the profits from successful Bridges funds. We can also point to strong civic engagement policies and practices in our core fund management activities.

Internally, our main focus in this area over the last two years has been a **Diversity, Equity & Inclusion** project, which led to a number of improvements to existing practices:

- > Tracking diversity data beyond gender (we already have a 50/50 gender split)
- > Rolling out specialist DEI training across the firm
- > Rolling out an inclusive recruitment policy across Bridges, and using BeApplied to mitigate unconscious bias in hiring
- > Introducing an inclusive supplier policy
- > Reviewing all employee policies against best practice
- > Developing our mentorship efforts

An inclusive and diverse team is a stronger, more effective team

MILLIE GLENNON, HR DIRECTOR



A more sustainable future

Within our sustainability theme, we focus on investments that are helping to decarbonise the economy and support the path to Net Zero

1.4m

estimated tonnes of CO₂e averted via Bridges' PE investments

25%

Average embodied carbon reduction vs standard new build

44%

Average operational carbon reduction vs standard new build

In 2016, at COP21 in Paris, hundreds of countries committed to trying to keep global temperature rises to within 1.5°C of pre-industrial levels. This felt like a seminal moment. For the first time, a clear pathway was established to help us understand the extent of emissions reductions required, and this empowered governments around the world to set ambitious Net Zero targets (in some places, like the UK, these are in theory legally binding).

In the eight years since Paris, there has been considerable progress. At the time, global temperatures were on track to peak at 4°C above pre-industrial levels. Now it's more like 2.5°C. Last year, the UK became the first big economy to halve emissions from their 1970s peak.

And yet progress is still too slow. Between 2020 and 2023, we burned through half the planet's remaining 'carbon budget' – the amount of emissions that, according to the IPCC, would allow us to stick to a 1.5°C pathway. 2023 was the hottest year on record.

So it's clear that if we want to mitigate the worst effects of climate change – including extreme weather, resource shortages, rising sea levels and mass biodiversity loss – we need to accelerate this low-carbon transition.

For investors, supporting this transition is not just an ethical and ecological imperative. It is also an essential way to protect and create value. Environmental risks now dominate perceived threats globally; when we think about the built environment, for example, no prudent investor can afford to ignore potential climate risks. At the same time, the sheer weight of capital – both financial and political – required to make this transition happen will create unprecedented opportunities (former Unilever CEO Paul Polman calls it "the investment opportunity of a lifetime"). Building a more sustainable future will also unlock substantial economic value.

Over the last decade, as part of our Sustainable Planet theme, Bridges has identified a number of areas where it is possible to achieve better outcomes for the planet – generally measured in terms of reduced carbon emissions – while also making attractive risk-adjusted financial returns for our investors. The built environment has been a key focus, both in our real estate funds and increasingly within our private equity portfolio; but we have also sought out opportunities in clean energy, the circular economy and more.

Climate change is the most significant, most existential challenge of our generation. But tackling it is also an exciting investment opportunity



MAGGIE LOO, PARTNER



In focus: Reducing embodied carbon

We cannot afford to focus only on operational carbon

Historically, discussions about carbon emissions in the real estate sector have focused on operational carbon: the emissions we produce in heating, cooling, and powering our buildings.

This is undoubtedly a huge challenge: operational energy usage by buildings accounts for nearly 40% of global energy consumption. But it's also an area where great progress has made – both through the decarbonisation of the grid, and by the growing use of on-site renewables like solar PV and heat pumps to cover day-to-day energy usage (which also reduces reliance on the grid; cf. *Hycube*, p 14).

But we also need to be reducing embodied carbon: the emissions generated in the construction, maintenance and disposal of buildings. As the grid decarbonises, this is becoming an ever-larger portion of a building's 'whole life carbon'.

With our sustainable logistics developments (e.g. *Click Aylesford*, p. 16), we are of course looking to minimise operational carbon, via on-site renewables and energy-efficient features. But we are also looking to reduce embodied carbon in the construction process, through lean design, specialist materials and efficient processes.

We're also looking at developing new homes – both co-living and 'build to rent' – where we can retrofit under-used and inefficient old buildings rather than knocking them down and starting again, which leads to a significant embodied carbon saving (cf. *Cornerhouse*, p. 18).

With global floorspace forecast to double between 2020 and 2060, the imperative is clear: we need to reduce the whole life carbon emissions of all of these new buildings to as near to zero as possible. Increasingly, that will require a greater focus on embodied carbon.



Providing greater energy independence and sustainability through clean energy

Thesis

The switch from fossil fuels to renewable energy sources is a vital element of the Net Zero transition – and after the last few years, energy security and price volatility are high on the political agenda. But although significant progress has been made in this transition, challenges remain. Renewable energy sources are often intermittent, and there is a general lack of grid capacity to cope with increased electricity demand (e.g. from electric vehicles). This creates a need for local energy generation and storage.

Investment

Bridges invested in Hycube in 2022. The business provides a complete home energy system for German residential customers – from solar photovoltaics (PV), to proprietary battery storage technology and energy management software, to electric vehicle wallboxes. More recently, it has been prioritising the roll-out of HycubeMax, a 'Virtual Power Plant': for a monthly fee, this enables customers to sell any surplus energy back to the grid and take advantage of dynamic energy pricing.

At the time of our investment, the residential solar PV and battery storage market was already worth €5bn in Germany, and was forecast to grow at a CAGR of 16% in the period to 2028. This represents a substantial opportunity for Hycube.

Outcomes

Hycube is committed to playing a key role in the transition to a low-carbon economy. Last year, it helped customers avert an estimated 2,565 tonnes of carbon emissions.

To enable the roll-out of HycubeMax, Hycube has now become a licensed energy provider. This solution will enable an even broader range of customers to dynamically access the lowest energy spot prices on a daily basis, rather than having to rely on the costly energy contracts offered by other utilities.

We're really excited by the potential of Hycube's new 'virtual power plant' to revolutionise the way homeowners think about clean energy, in Germany and beyond.



HENRY JONES,
PARTNER & HEAD OF VALUE CREATION

AT A GLANCE



2,565
tonnes of CO₂e averted

6.4m
kWh clean energy consumption across systems

16%
estimated CAGR of German market



Click Aylesford

Low-carbon logistics development with best-in-class sustainability credentials

AT A GLANCE



300k
sq.ft. of sustainable logistics space

100%
operational carbon reduction targeted vs baseline

A+
Target EPC rating

430
jobs supported (once the site is fully operational)

Thesis

The rise in e-commerce – accelerated by the pandemic – has driven greater investment in urban and last-mile logistics. Macro factors such as re-shoring, leading to increased manufacturing take-up, are helping to sustain the growth in demand.

Low-carbon logistics facilities are becoming increasingly attractive to organisations as a way to meet consumer demand while also reducing operating costs and cutting carbon emissions – enabling them to accelerate their own Net Zero journey and protect their real estate portfolio against any future environmental regulation.

Investment

In 2022, Bridges and our partner Wrenbridge completed the purchase of a 19-acre prime site adjacent to Junction 6 of the M20, 15 minutes' drive from the M25 and three miles north of Maidstone in Kent. We secured planning consent for a 300,000 sq. ft. sustainable industrial/logistics development comprising six industrial units, ranging in size from c.15,000 to 110,000 sq.ft.

The site recently achieved practical completion, with three of the six units already let at rates ahead of original forecasts.

Outcomes

The scheme has been delivered to a BREEAM 'Excellent', EPC A+ and Net Zero Carbon specification. It incorporates over 1,500 sq.m. of photovoltaic cells and is expected to future-proof occupants against energy price inflation, reducing operating costs as well as CO₂ emissions.

After supporting around 200 jobs on site during the construction process, it is expected to support over 400 jobs once it is fully let.

Click Aylesford is a great example of how our focus on delivering best-in-class, sustainable facilities in prime locations attracts high-quality occupiers



HENRY PEPPER, PARTNER



Cornerstone, Beech Street

'Brown-to-green' conversion of a part-vacant office building into an attractive, sustainable co-living development with outstanding amenities, in the heart of the City of London



Thesis

Across Europe, there is an urgent need to deliver more housing for our growing populations. There is also a huge need for this housing to be built and operated sustainably, to help reduce our overall carbon footprint

Co-living, an emerging residential concept that combines private living spaces with communal amenities, helps us tackle both these challenges. It is inherently a lower-carbon, higher-density model – and it allows us to repurpose under-used urban buildings in a way that creates more sustainable housing, while also building community and tackling social isolation.

Investment

Bridges and our partner HUB recently received planning consent for the very first co-living scheme in the City of London – located at 45 Beech Street, next to the Barbican.

Called 'Cornerstone', it will deliver 174 co-living homes as well as new public realm, ground-floor commercial space and on-site resident amenities.

Designed by Stirling Prize-winning practice AHMM, our investment will transform a 1950s office building into a community-focused residential scheme that responds sensitively and imaginatively to the context of the iconic Barbican Estate.

Outcomes

The scheme will take a retrofit-first approach. By repurposing the existing structure, and by using energy-efficient materials and construction processes, our goal is to achieve an embodied carbon saving of about 30% vs current regulations.

We are also targeting market-leading sustainability credentials: BREEAM Excellent, EPC A, Fitwell 3* and Net Zero operational carbon. The scheme has been developed in close collaboration with planners and the local community.

Cornerstone will be a great example of how we can transform vacant office space into much-needed housing in a way that minimises both embodied and operational carbon

CELIA HARRISON, INVESTMENT DIRECTOR



AT A GLANCE



174
co-living homes

c.30%
embodied carbon reduction vs baseline

BREEAM®
Targeting BREEAM Excellent

A more inclusive future

Within our inclusion theme, we focus on investments that help to broaden access to essential services and enable more people to fulfil their potential

200k

Households in fuel poverty supported by our investment in AgilityEco

35k+

Estimated jobs supported across the Bridges platform since inception

5,459

Living units planned or in construction via Bridges' property funds

Building a more inclusive economy is part of Bridges' DNA. Our very first fund, back in 2002, had an explicit mandate to invest in the most underserved areas of the UK – backing entrepreneurs that could create jobs, tackle inequality and stimulate economic growth.

Over the last 20 years, Bridges' impact goals have broadened and evolved. But that foundational idea of using capital to broaden access to opportunity and essential services remains fundamental to our investment strategy.

There has been some real progress on inclusion this century: the minimum wage, the fall in pensioner poverty, the success of the #MeToo and Black Lives Matter movements. But inequality remains stubbornly high, particularly in the UK. In fact, according to the Gini coefficient measure of income inequality, the UK is now the most unequal large economy in Europe. The gender pay gap endures: in 2023, the average woman earns 14% less per hour than the average man. Black Britons earn on average about 6% less per hour than white Britons. Regional inequality also remains stark, both in terms of income and productivity.

Unfortunately, many of these challenges have been exacerbated in the last few years, first by the pandemic and then by the

soaring cost of food and energy. According to the Joseph Rowntree Foundation, the number of people experiencing destitution in the UK has more than doubled since before the pandemic, to 3.8m people (including 1m children). Homelessness has jumped to record levels. And of course, poverty often leads to poorer health outcomes (as well as vice versa).

The good news is that we are increasingly seeing new business models and solutions emerge to tackle these challenges – recognising the opportunity to tap into some of the most significant demographic and political tailwinds in the global economy.

Drawing on the pioneering expertise of Bridges' specialist Outcomes team – which continues to support a range of projects aiming to achieve better health, education and employment outcomes (see p. 28) – Bridges is actively investing in solutions that can help more people fulfil their potential. Through our dedicated Inclusive Growth strategy, we are supporting businesses that are driving transformative outcomes for looked-after children (*New Reflexions*, p. 22) and people at risk of homelessness; while our Property funds are helping to improve the wellbeing of older people and increase access to housing (*right*).

There are some key areas where impact-led business and investment can play an important role in tackling policy gaps and delivering better social outcomes. Bridges is helping to scale these solutions

OLIVIA PRENTICE, PARTNER & HEAD OF IMPACT



In focus: The impact of the housing crisis

Bridges' multi-strategy approach to tackling issues linked to poor housing

In the UK, and in many parts of Europe, there is a clear under-supply of quality housing. We need to be building over 300,000 new homes a year to keep pace with population growth and demographic shifts; but over the last decade, the average has been barely half that. Annual house completions are now about 50% lower than in the 1960s.

To compound matters, the UK's existing housing stock is among the oldest and least efficient in Europe. Almost 80% of homes are over 40 years old; one in five is over 100 years old. Only 42% of rated houses in England have an Energy Performance Certificate of C or

higher. This isn't just bad for the planet: it can also lead to poorer health outcomes for residents, and potentially (particularly during periods of high energy prices) push them into fuel poverty.

The housing crisis isn't just one simple problem. It's multiple problems, requiring multiple solutions. That's why we are tackling issues linked to housing in a number of ways across the Bridges platform: from businesses like AgilityEco, which supports people in fuel poverty (p. 26), or the Ethical Housing Company, which offers affordable rental homes to people in Teesside; to our

Outcomes programmes that help people at risk of homelessness find and sustain accommodation; to our residential property developments that aim to increase the supply of quality homes (including some social and affordable housing).

Solving the housing crisis also means finding new solutions – not least for our growing elderly population. Purpose-built housing for the elderly, with access to care and a focus on community (cf. *Birchgrove*, p. 24), can improve health outcomes and reduce pressure on the NHS – while also catalysing more liquidity in the housing market.

New Reflexions

Accommodation, education and therapeutic care for children with learning or acute emotional difficulties

AT A GLANCE



96%

Ofsted Good/ Outstanding ratings

33

locations supporting young people

19,439

care days in the year

Thesis

The number of children 'looked after' by the state continues to rise. For children with the highest level of need, residential placements are often more appropriate than foster placements – but there is a real shortage of provision that combines education, therapy and care. Done well, this can help these young people to improve their resilience and skills, easing their transition into adulthood.

Investment

Bridges invested in New Reflexions in 2017, as an off-market transaction. Based in Shropshire, New Reflexions offers residential placements and specialist education to young people with complex needs – often as a result of Adverse Childhood Experiences (ACE). New Reflexions provides these children with short-, medium- and long-term placements that combine care, education, and therapy. It operates 29 small children's homes, and four specialist residential schools.

Outcomes

New Reflexions' primary focus is on delivering exceptional quality care, education, and therapy to the young people in its services. Ofsted inspections are a good reflection of this: at the end of its last reporting period, 96% of New Reflexions' eligible services were rated by Ofsted as "Good" or "Outstanding".

Staff recruitment and retention continues to be a big challenge across the whole sector, particularly post-Covid. Management was able to reduce attrition last year thanks to a number of initiatives, and this will continue to be a priority going forward.

We continue to look for opportunities to add more properties to the New Reflexions portfolio, both organically and via M&A, and expect to continue to build the estate over the coming years.

New Reflexions is a business that is absolutely focused on providing the best possible care and support to some of the most vulnerable young people in the country



OLIVIA ILOETONMA,
INVESTMENT MANAGER



Birchgrove

A new model of assisted living accommodation and care for rent, improving the health and wellbeing of our growing elderly population



Thesis

By 2039, there will be 9.9m people aged 75 and over in the UK, while one in 12 of the population will be over 80. Currently, there is a limited supply of supported accommodation available to older people who are looking to downsize; the availability of retirement living options relative to the over-80 population is substantially lower than in other developed countries. This is having a detrimental effect on housing market liquidity and is likely to increase the demands on primary and social care.

Investment

Launched by Bridges in 2017, Birchgrove is a platform of purpose-built assisted living communities for the elderly (typically 80+), with on-site care support as well as community and leisure facilities. Birchgrove was a first mover in utilising a rental model – enabling tenants to enjoy the benefits of independence without the burdens of home ownership.

This year, Birchgrove opened its fourth site: a 60-bed development in Mill Hill, North London. Its fifth site, in Godalming in Surrey, is due to open imminently, and there are four more sites at various stages of development and construction. The first two sites have already been acquired by an institutional investor for a combined £69m.

Outcomes

Loneliness and isolation are thought to increase the likelihood of mortality by over 25% (at any given point) in older people. Birchgrove has a real focus on community, with eating areas, restaurants, outdoor spaces and events all designed to facilitate social interaction. It also makes use of technology to support better health, including smart lamps, activity trackers, fall prevention alarms and air purifying paint. By improving health outcomes, Birchgrove can help improve people's quality of life while also reducing the demands on primary and secondary care.

Assisted living for rent is the missing piece in the housing puzzle - not right for all, but perfect for some

SIMON RINGER,
PARTNER & HEAD OF PROPERTY FUNDS



AT A GLANCE



9
sites either open or under development

c.400
apartments

79%
of residents feel 'at home' or 'very at home'

97%
of staff feel 'proud' to work there

Market-leading home decarbonisation business, reducing emissions and helping vulnerable people out of fuel poverty

AT A GLANCE



36,000
fuel-poor households supported last year

£2,600
average lifetime energy savings per home

113,000
tCO₂e averted

3.4x
return on exit

Thesis

Across the UK, continuously rising fuel costs, inefficient housing stock and rising household debt force too many people to make unacceptable choices between 'heating or eating'. As a result, more than 10% of households in the UK live in fuel poverty. Introducing energy-efficiency measures such as better-quality insulations and boilers into underserved homes saves household fuel costs, while also helping to reduce domestic carbon emissions.

Investment

In 2019, Bridges invested in AgilityEco, a leading provider of fuel poverty, energy efficiency and low-carbon services to vulnerable households across the UK. AgilityEco helps energy providers to meet their obligations under the Government's Energy Company Obligation (ECO) scheme by arranging the installation of energy-efficiency measures such as better insulation and efficient boilers.

With Bridges as an investor, AgilityEco more than tripled its turnover, to over £100m, and doubled the number of people it employed. We also helped management to implement an employee ownership programme, so more of the team could share in the company's success.

Bridges exited its investment in the business in January 2024, achieving a 3.4x return for our investors.

Outcomes

AgilityEco worked with over 36,000 households in 2022/2023, delivering energy efficiency measures that will save over £2,600 for each home on their lifetime energy bills. Those measures will also save over 113,000 tonnes of CO₂ emissions.

AgilityEco is a fantastic example of a Just Transition business - delivering better outcomes for both people and the planet. It's an investment we're really proud of.

EMMA THORNE
PARTNER & HEAD OF INCLUSIVE GROWTH



Bridges Outcomes Partnerships



For the last decade, Bridges has been a pioneer in the development of outcomes partnerships, an innovative new way of designing and delivering services that measurably improve the lives of the most underserved individuals and communities. Today, this work is managed via our not-for-profit subsidiary Bridges Outcomes Partnerships (BOP)

Bridges Outcomes Partnerships continues to bring together government, business, the third sector and impact-driven investors to achieve better outcomes for individuals and better value for public money.

To date, we have supported over 80 projects, working with over 600,000 people and achieving over £170m of direct outcomes. But this understates the true benefit to society: according to a study published this year by ATQ, an independent consultancy, outcomes contracts have generated almost £9 of value for every £1 spent – an effective saving for the taxpayer of about £500m.

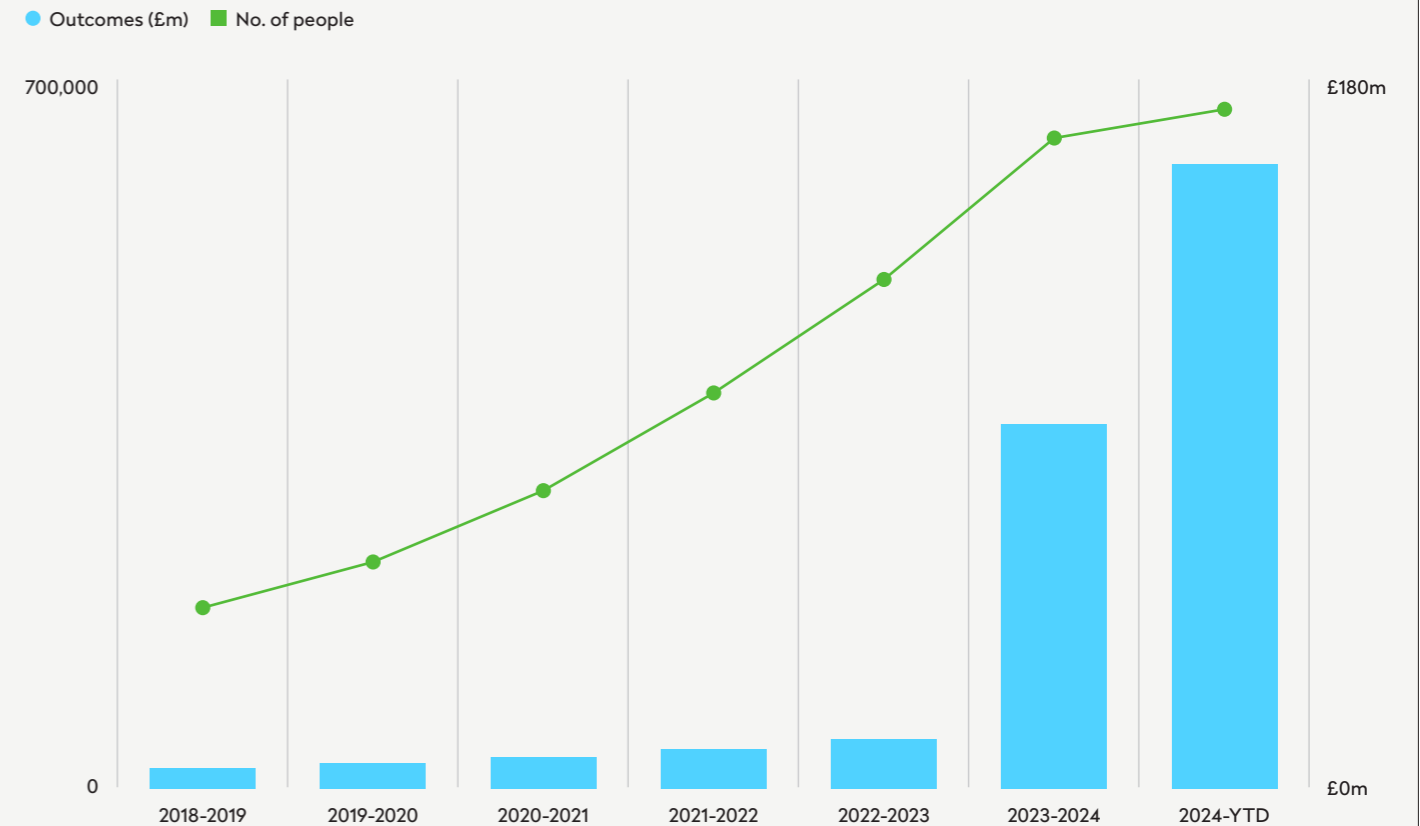
In the following pages, we show how these projects are changing lives through four case studies. The first two are both in the UK: Stronger Families, a programme that aims to keep families together and prevent children from being taken into care; and KBOP (p. 31), which provides housing and employment support in Yorkshire. The second two are drawn from our global work supported by our SDG Outcomes initiative, which is looking to draw on our learnings in the UK

and apply the relevant principles to projects in low- and middle-income countries. One is in Sierra Leone and one in Kenya, helping to create better education and health outcomes respectively.

This idea of using what we've learned to help more people and bolster the development of this ecosystem is really important to Bridges. We have consistently published our learnings in the hope they will be useful to others (most notably the 'People-Powered Partnerships' report); this year, we introduced a live impact dashboard as part of BOP's new website.

We also actively support a number of market-building initiatives. This year we were proud to be part of the Demos Future Public Services Taskforce and an official Knowledge Partner to the global Impact Taskforce, contributing technical guidance to inform the 'Liberated Public Services' and 'Next Frontiers' papers. We also continue to collaborate closely with Better Society Capital, the Impact Investing Institute and various other expert organisations that are similarly committed to improving public services.

No. of people supported and Social outcomes achieved (£m)



Total outcomes achieved for:

CHILDREN & YOUNG PEOPLE

£80.8m

Includes:

- 675,150** care days averted
- 12,486** school improvements
- 10,998** qualifications

ADULTS

£96.1m

Includes:

- 37,883** wellbeing improvements
- 12,366** entered accommodation
- 2,067** sustained employment

Outcomes Partnerships are increasingly recognised globally as an effective way of tackling society's 'wicked' problems - where more collaborative, flexible, and accountable delivery can improve outcomes for people and the planet.



MILA LUKIC, PARTNER & CEO, BOP

Stronger Families

Providing family therapy to help children remain with their families and out of the care system

AT A GLANCE



365k

number of days out of care

852

families supported

£13.4m

outcomes achieved

Thesis

There are more than 105,000 'looked after' children in care across the UK. Many experience significantly poorer life outcomes in areas like mental and physical health, education and employment. Funding care places is also putting local authority resources under increasing pressure; all 151 local councils with children's services responsibility overspent on their budgets in 2021/22.

Programme

Stronger Families works to prevent family breakdown and give families the tools to cope, so that children can remain safely with their families and experience reduced involvement with children's services. The programme enables families to address challenging patterns of behaviour and communication, in order to build their capacity for sustainable, positive change.

The outcomes partnership model has enabled a much more collaborative, flexible approach to problem-solving in this space.



Innovations include:

- > Extending the service to younger children, in collaboration with Social Care and Early Help teams, so more families can be helped
- > Flexible budgeting to hire additional therapists and an additional clinical supervisor, providing additional capacity and clinical supervision to support the team
- > A "psychology fund" to fund access to individual therapy to carers/young people during and after the family therapy

Outcomes

On average, c.95% of young people from families participating in the programme stay out of care. As of Q3 2024, the programme has kept children out of care for the equivalent of 1,000 years, amounting to net savings to date of at least £29.4m across Norfolk and Suffolk Councils.

KBOP (Kirklees Better Outcomes Partnership)

Supporting adults at risk of homelessness to live independent and fulfilling lives, in their own homes

AT A GLANCE



5,745

individuals supported

3,096

sustained permanent accommodation for at least six months

£23.7m

outcomes achieved

Thesis

Homelessness in all forms is rising across the UK as a result of the combination of cuts to funding and services, a lack of social housing, Local Housing Allowance freezes reducing access to private rental homes, and changes to the housing benefit system.

Over recent years, funding for preventative services in Kirklees has been consistently reduced; for example, in the two years prior to the launch of this service, funding fell by 20%. And in 2023, the estimated number of people sleeping rough across England was 27% higher than the previous year – the largest annual increase since 2015. In Yorkshire & the Humber, the increase was 59%.

Programme

BOP has worked in partnership with Kirklees Council and nine delivery partners for over five years, providing a strengths-based and person-led service – Kirklees Better Outcomes Partnership (KBOP) – supporting individuals who are experiencing, or at risk of

experiencing, homelessness in the area. During its first five years of delivery, KBOP was the largest social outcomes partnership in Europe.

Outcomes

The programme has supported over 5,700 people to date, of which 3,096 people have sustained appropriate accommodation for 6 months. 4,549 individuals reported an improvement in their wellbeing and were able to access drug, alcohol, health, and counselling services to aid their long-term independence.

Introducing a strengths-based approach to the delivery model enabled all delivery partners to increase access to Education, Training and Employment (ETE) opportunities for individuals previously deemed 'unable to work'. There has been a 700% increase in ETE outcomes versus target expectations, with over 2,300 individuals accessing jobs or education. The Department for Work and Pensions is currently evaluating this approach as a potential learning opportunity to improve access to the job market nationally.



Sierra Leone Education Innovation Challenge

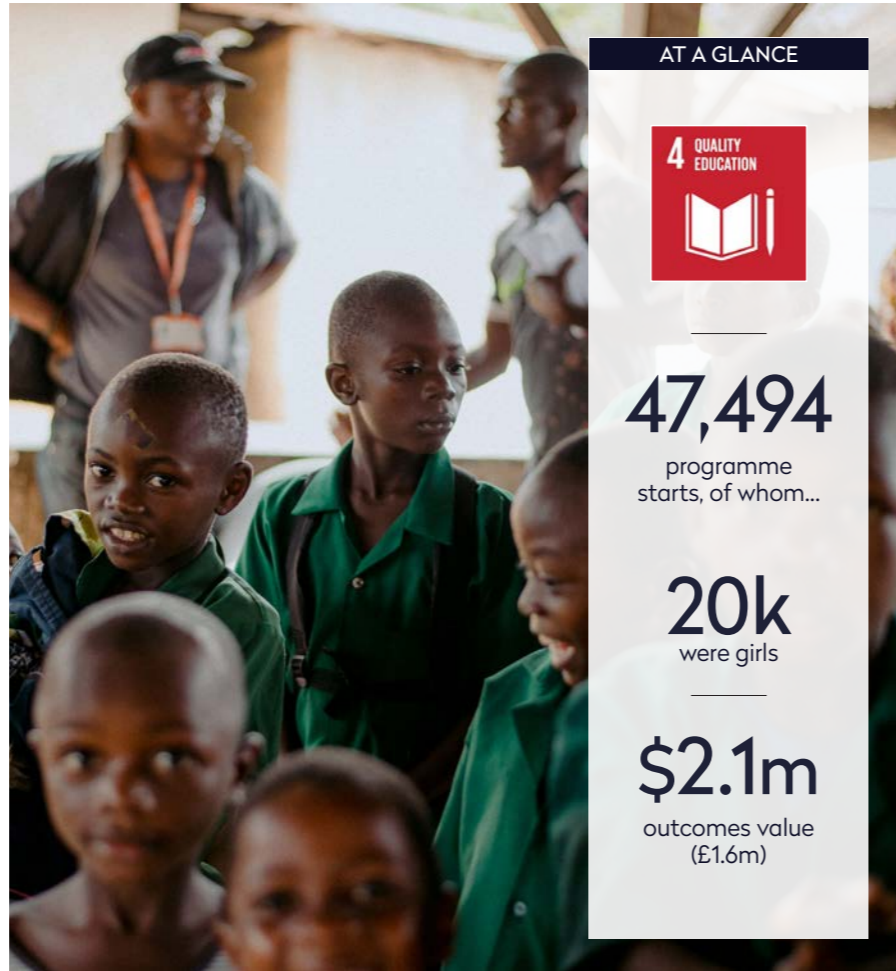
Improving children's access to and quality of education, for increased learning outcomes

In Sierra Leone, children on average complete just 8.9 years of school (or 4.5 years when adjusted for learning) by the time they turn 18. According to the 2014 Early Grade Reading Assessment (EGRA), 87% of Grade 2 students (roughly 6-7 years old) were unable to read a single word, while almost two-thirds of Primary 4 students (roughly 8-9 years old) received zero marks in their reading and comprehension assessment. Teacher training and retention is often a challenge, so many communities rely on community volunteer teachers where turnover can be high and teaching skills inconsistent.

Programme

The Sierra Leone Education Innovation Challenge is a US\$18m programme co-funded by the Government of Sierra Leone, the UK Foreign, Commonwealth, and Development Office, the Hempel Foundation, The Korean International Cooperation Agency and Bank of America, which aims to improve learning outcomes in literacy and numeracy for hard-to-reach students, especially girls.

BOP has partnered with three organisations – Rising Academy Network, Street Child and EducAid – to deliver this exciting



programme. Over 190 primary schools are receiving support to improve children's access to and quality of education. The outcomes partnership model has enabled a much more collaborative, flexible approach to problem-solving in this space. Our partners are taking varying approaches in their delivery, from targeting teacher professionalisation and coaching, to providing supplementary curriculum materials. Improving community engagement alongside local government, for example, has helped partners to understand the barriers to children attending school – and

therefore to work with communities to minimise those barriers.

Data collection and analysis is a key enabler in managing progress across the large school network helping teachers, coaches, and school leaders to adapt the support they provide.

Outcomes

Over 47,000 students have begun this programme, which is currently in the second year of implementation – including more than 20,000 girls. While we are awaiting progress milestone data, initial results and feedback from teachers have been positive.

Kenya Health Outcomes Partnership

Delivering sexual and reproductive health services to adolescent girls in Kenya

In Kenya, limited access to sexual and reproductive health (SRH) services heavily impacts the health and education of girls, as well as the economic development of the country. Kenya experiences significant challenges with teen pregnancy and new HIV infections among adolescents, where one in six adolescent girls between 15 and 19 years has experienced pregnancy. In 2022, an estimated 7,307 new HIV infections occurred among adolescents and young people aged 15-24, accounting for 41% of all adult new infections in the country. Adolescent girls and young women account for 78% of new HIV infections among adolescents and young people of the same age.

Programme

The Kenya Health Outcomes Partnership (KHOP) is a collaboration between Bridges, the UN in Kenya (through a consortium led by UNFPA, UNAIDS, WHO, and the SDG Partnership Platform), the Government of Kenya, the Children's Investment Fund Foundation (CIFF), and local non-profit delivery organisation Tiko. The programme is designed to tackle the main barriers preventing girls from accessing these services: affordability, lack of information and

distance to health facilities. Tiko operates a digital platform that works across 10 Kenyan counties: it connects girls, particularly those living in underserved communities, to local public and private service providers, delivering SRH and HIV-related services free of charge. Girls can receive 'Tiko miles' for services delivered, redeeming these in stores in exchange for products (e.g. sanitary pads).

Outcomes

Reducing unwanted pregnancies and HIV infections doesn't just

lead to better health outcomes: it also enables girls to stay in school for longer and gain a higher level of education – improving their economic prospects and social mobility. Our KHOP programme also helps to raise awareness within these communities of sexual health issues.

Over 430,000 girls have started this programme, which has already delivered 600,000+ sexual health and HIV services to date – surpassing its delivery targets nine months early.



Our Foundation

BARBARA
STORCH
DIRECTOR



The Foundation was established in 2009 to advance Bridges' mission through venture philanthropy, social investment and charity

BRIDGES
IMPACT FOUNDATION

*The Bridges Impact Foundation (company no. 06864617) is a registered charity (no. 1129756). It receives some of its funding through Bridges' carry-holders, who have agreed to donate an amount equivalent to 10% of their carried interest.

This has been another fruitful year for our Foundation*. A particular highlight was the opening of WEST, a new youth centre in White City in London, which is operated by our partner charity OnSide. In March, WEST welcomed HRH the Prince of Wales for its official ribbon-cutting. We hope it will be as impactful for local children as Future, the other OnSide Youth Zone we support in Barking, which has now welcomed over 15,000 young people since it opened its doors five years ago.

The Foundation's support for OnSide over the last few years has been part of a broader focus on young people and mental health. This also led to the Foundation supporting The Difference, a charity that aims to reduce the number of students being excluded from schools via specialised teacher training. Its work is having clear positive benefits both for the teachers concerned, and their wider school communities.

This year, the Foundation's venture philanthropy has expanded into a new focus area (chosen by the Bridges team): combating gender-based violence. It is now providing funding and support for Rising Sun, a charity that helps victims of domestic abuse, and a new pilot scheme that is taking trialling a preventative approach by educating schoolchildren.

A key priority for the Foundation is to engage the Bridges team and encourage their own philanthropic activity – by providing volunteering opportunities and matching any funds they raise. For example, the Foundation donated £3,000 to The Brain Tumour Charity (which supported Bridges' former chair Peter Englander) to match the funds raised by the Bridges team from a sponsored walk across London.

The Foundation also works to support the growth of impact investing more broadly. This includes providing funding for market-building initiatives – the most notable example in recent years being the Impact Management Project. Another area of focus has been promoting greater diversity and inclusion in real estate investment. The Foundation provides a bursary to students from disadvantaged backgrounds looking to attain a degree-level real estate qualification, as part of a scheme run by the Worshipful Company of Chartered Surveyors. This year, the first of our bursary recipients successfully graduated from her course, and – with a little help from some work experience and expert mentoring from the Bridges' property team – has secured a graduate role in the industry. We hope she is the first of many!



Left: Bridges partner Emma Thorne at WEST's Founder-Patron's dinner in October

Right: HRH The Prince of Wales opening the new WEST Youth Zone in March



We are grateful for the continued support of our Board,
Advisory Board and the trustees of the Bridges Impact Foundation.

We also want to thank our management teams,
our partners, and the investors in the funds we manage,
without whom none of this would be possible.

BRIDGES

Bridges Fund Management Ltd.
38 Seymour Street
London, W1H 7BP
+44 (020) 3780 8000
info@bridgesfundmanagement.com

Bridges Fund Management Ltd. is authorised and regulated by the Financial Conduct Authority.
Registered in England No 10401079 at the address above.

Copyright designation: This work is licensed under the Creative Commons Attribution-NoDerivatives 4.0
International License, that allows the copying and distribution of this material as long as no changes are made and
credit is given to the authors. <https://creativecommons.org/licenses/by-nd/4.0/>