

Do not invest unless you are prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.

[Take 2 minutes to learn more](#)

Sustainable UK infrastructure

Positive impact infrastructure projects support the levelling-up agenda

The levelling-up agenda has the potential to revitalise towns, cities and communities across the UK, which presents an attractive and innovative investment opportunity for pension schemes.

With the 2023 Mansion House financial services reforms requiring funds to allocate up to 5% of assets in levelling up the UK, we make the case for investment in UK based sustainable infrastructure as an effective part of a return-seeking portfolio, as well as an important source of income and diversification whilst supporting the levelling up agenda.

Summary

Sustainable infrastructure assets can assist with:

- **Levelling up:** Help pension funds meet levelling up requirements;
- **Financial benefits:** Deliver an income that could help support cash flow negative schemes; and
- **ESG benefits:** Contribute towards climate change targets including alignment with UN Sustainable Development Goals (UN SDGs)

Levelling up

An investment meets the levelling up requirements if it makes a measurable contribution to one of the levelling up missions set out in the [Levelling Up White Paper](#), and supports any local area within the United Kingdom.

There is no shortage of promising businesses operating across the UK with the potential to generate strong growth and, in turn, deliver returns for investors. However, this type of infrastructure requires a specialised skill set to invest into it effectively.

Gresham House's **sustainable infrastructure strategy can:**

- Supports levelling up across the UK offering regional and thematic real asset based investment opportunities
- Is aligned to the Mansion House goals for investment in unlisted UK companies
- Bases these companies nationally, helping meet the Government's mission of supporting job creation, and business expansion in regional areas which means investors have an opportunity to fund the urgent need for new infrastructure

Financial benefits

Many LGPS find themselves well-funded but cash flow negative, and so the need for income has become increasingly important.

- At Gresham House we believe that impact drives return, and we understand the importance of delivering a cash yield, and a diversified strategy.

ESG benefits

As net-zero targets draw closer, selecting investments that can contribute to reducing emissions has become increasingly important. Sustainable Infrastructure investments have the potential to support broader environmental and social objectives and provide alignment with a number of the UN SDGs.

For professional investors. Past performance is not necessarily a guide to future performance.

The 'levelling-up agenda'

The Levelling up agenda commits to facilitating more local pension scheme investment in addressing place-based inequalities whilst delivering a financial return.¹

Sustainable real assets at Gresham House

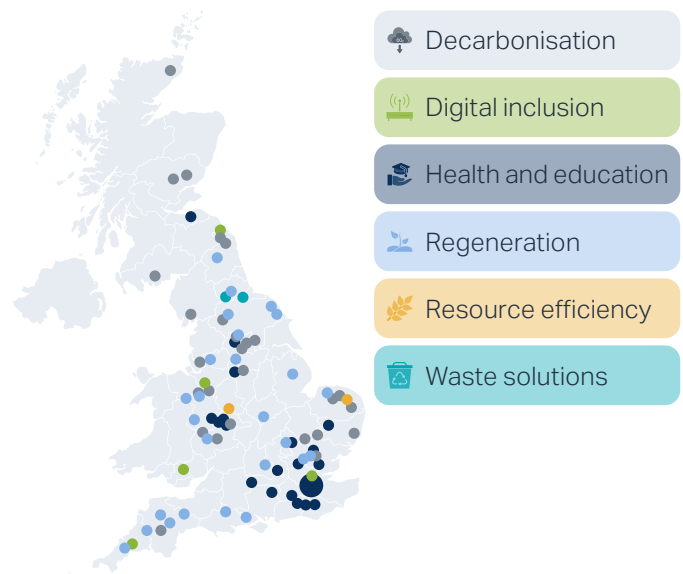
The drive for sustainability and the need for localised investment can combine to provide attractive opportunities for investors

Sustainable infrastructure offers a broad and varied universe of assets, the opportunity goes far beyond traditional sustainable infrastructure assets such as wind farms and solar panels, however. Sectors as diverse as agriculture, heavy industries, and waste are all being transformed by innovative companies seeking to deliver sustainable physical products and services solutions.

1 Progressing the levelling-up agenda

Gresham House is a specialist, alternative asset manager with investment strategies across all Place Based Impact Investing pillars.² Place-based investing is closely aligned with the national aim of levelling up the UK regions. It directs capital towards local and regional businesses, which might otherwise be too small to attract conventional investment.

With £740mn of commitments to date, 2,200 new careers have already been created, across the breadth of the United Kingdom (based on portfolio management accounts).³



1. Impact Investing Institute, February 2022
2. The Good Economy, An independent assessment of the place-based impact of Greater Manchester pension fund's local investment portfolios, September 2023
3. Past performance is not a reliable indicator of future performance

Additionally, Gresham House has a strong pipeline of potential investments across the UK via its British Sustainable Infrastructure Fund strategy (BSIF). These assets present attractive opportunities to support long-term growing businesses while generating the potential for returns.

By supporting the levelling-up agenda, these investments also align to UN SDG 10, which focuses on the reduction of fiscal and economic inequalities.⁴

How Gresham House's BSIF strategy aligns with the levelling up missions

Levelling-up mission	BSIF area of focus
Living standards (Mission 1) Skills (Mission 6)	Overall strategy alignment: the BSIF portfolio has created over 2,200 new careers across the UK, many providing training to increase the skillset of their workforce
Research and development (Mission 2)	Resource Efficiency/Waste Solutions: BSIF invests in innovative sectors such as Vertical Farming and turning waste into valuable replacements for fossil fuels
Digital connectivity (Mission 4)	Digital Inclusion: BSIF invests in several alt-net businesses, connecting hard-to-reach areas in the UK with great internet to drive inclusivity
Education (Mission 5) Health (Mission 7) Wellbeing (Mission 8)	Health and Education: investing in building new early years educational facilities and specialised healthcare
Pride in place (Mission 9)	Regeneration: creation of Habitat Banks through the Environment Bank is improving access to green spaces ensuring that all parts of England can enjoy high-quality, sustainable environments and new nature creation



4. Not an endorsement from the UN

For professional investors. Past performance is not necessarily a guide to future performance.

2 Financial benefits

Our experienced investment team, led by Peter Bachmann and Simon Adcock, has a demonstrable track record of making successful investments across the UK in businesses of the size and scale targeted by the strategy.⁵

The Strategy comprises over £740m in sustainable infrastructure assets (as at 31 December 2023) across the previous two vintages of this strategy and sidecar investments.⁶

The team manage four regionally focused co-investment funds, including two for Greater Manchester Pension Fund. The commitments totalling £110mn, aim to deliver sustainable infrastructure investments in specific regions in the UK.⁷

The Good Economy has created a report outlining how Greater Manchester Pension Fund's local portfolios meet both their financial and impact objectives.

Both BSIF vintages have out-performed the target IRRs (as at December 2023) (both of these funds have had final closes).^{6,8}

As the BSIF strategy target a cash yield, distributions could be used to help navigate liabilities particularly when schemes are cash flow negative. A previous vintage of the BSIF strategy paid a cash yield of 4.7% in 2022.^{6,9}

This performance data provides early validation for the strategy.^{6,8}

3 ESG benefits

Sustainable infrastructure assets have the potential to contribute positively towards schemes' climate change targets, such as net-zero emissions, by replacing carbon-intensive energy sources or improving the efficiency of legacy assets.

The overall investment approach of the BSIF strategy aims to achieve a portfolio of Sustainable Infrastructure with intentional and positive impact, clear additionality and demonstrable carbon reductions with anticipated outcomes well aligned to UN SDGs.¹⁰



5. Supported by a wider team, they have successfully invested over £1bn across 12 infrastructure platforms in BSIF I & II

6. Past performance is not a reliable indicator of future performance

7. This is not an endorsement from the United Nations

8. This fund is closed for investment.

9. Targets are not guaranteed

10. There can be no guarantee that targets can or will be met, and they should not be taken as an indication of the Fund's expected or actual future results

Target impact per £100mn invested in BSIF Strategy⁶

1,689,842
m³ of water savings



17%
of the UK's daily household water consumption



17%
Olympic size swimming pools

580
hectares of biodiversity created



814
football fields

1,492,420
tonnes of CO₂ emissions avoided



a return flight from Paris to New York for 710k passengers

 **880**
people cared for

 **267**
new nursery places

 **10x return**
for every £1 spent on digital skills and inclusion

716,725
tonnes of waste diverted from landfill

equivalent to the household waste of **1,848,455 people**



the population of Birmingham and Liverpool combined



24% of the population of London

 **1,495,539**
MWh of low-carbon energy generated
the same as taking **211,135** cars off the road

The evidence

We need to reassess and redesign how we grow food, travel, and handle waste products, among many other issues, to make them more efficient and less harmful to our environment and society. Gresham House's Sustainable Infrastructure team has identified six target Sub-Sectors, across hard and soft infrastructure that the team believes can use sustainability as a competitive advantage to provide profitable investment opportunities.

Subsectors	Target impact	Target investments
 Decarbonisation	Lowest cost migration to clean energy	Industrial decarbonisation and energy transition infrastructure
 Digital inclusion	Improved access, connectivity and productivity for all parts of society	Fibre and gigabit networks, data centre infrastructure
 Health and education	Improved access to higher-quality services underprovided by the state	Dementia and specialised healthcare, new children's nurseries, and specialised education
 Regeneration	Restoration of nature and biodiversity enhancement	Biodiversity net gain habitat banks, nature-based solutions
 Resource efficiency	Better use of limited environmental resources	Sustainable food infrastructure, water savings and/or desalination, alternative proteins
 Waste solutions	Better recycling, treatment of waste and less landfill	"Closed-loop and on-site waste processing or treatment solutions

Case studies

Waste pelletisation - Waste Knot Energy¹¹

Waste Knot Energy (WKE) is a small clean-energy company based in Middlesbrough, with potential to expand to up to five sites across the UK. Gresham House first invested in WKE in August 2020 via BSIF I.¹²

WKE produces pellets from non-recyclable commercial and industrial waste, to be used by heavy industry as a direct low-carbon alternative to coal. Not only does this significantly reduce emissions (compared with sending waste to landfill, a single project could deliver c.800,000 tonnes of annual CO₂ savings¹³), but it also reduces waste going to landfill.

From an investment perspective, the company has an attractive projected return and cash yield. WKE's operations also aim to address or contribute to SDGs 9, 12 and 13, whilst mitigating negative impacts such as industrial waste.¹⁴

WKE's planned expansion to UK-wide sites will support job creation in these areas, providing an economic benefit to the regions as well as a potential financial return for investors. These returns are underpinned by long-term contracts.

11. **Not an investment recommendation**

12. Gresham House, 2024

13. Review of Carbon Emissions from use of SRF Pellets – Monksleigh, May 2022

14. This is not an endorsement from the United Nations

Regional broadband¹⁵

Gresham House has invested into companies supplying high-speed broadband to Cornwall (Wildanet), Scotland and the North of England (GoFibre) and the 'Northern Powerhouse' cities (Telcom).

The UK government wants to bring high-speed internet services to 85% of UK premises by 2025, and these companies are perfectly placed to target underserved communities, aiming to create new jobs in the process. State support for the expansion of online services strengthens the growth story, while the pandemic and consequent remote working has reinforced the business case.¹⁶

In addition, better internet access will improve accessibility for people less able, or unable, to travel, provides better access to remote health and learning and enhance the ability of small businesses to reach new audiences.



15. **Not an investment recommendation**

16. UK Government 'Levelling Up the United Kingdom' White Paper, February 2022

Vertical farming - Fischer Farms¹⁷

Vertical farming is an innovative new area of agricultural infrastructure that allows plants to be grown indoors in multi-level facilities, which take up a fraction of the land and other resources used by traditional methods.

Vertically-farmed leafy greens are estimated to be up to 1,900 times more efficient from a carbon lifecycle perspective compared with imported produce.¹⁸

Fischer Farms has built what we believe to be the UK's largest automated vertical farming facility in Norfolk, adding to its first farm in Staffordshire where the growing technology was fully developed. Following traction with UK supermarkets, Fischer Farms plans to build more farms across the UK.



Regeneration - Environment Bank¹⁷

Environment Bank is the opportunity to fund a new asset class of land that aims to deliver biodiversity net gain (BNG) to developers. The assets to be created are 'Habitat Banks' – large areas, typically 10 – 100 hectares of leasehold or freehold land on which biodiversity (e.g., a wetland or woodland meadow) will be created and maintained for 30 years with maintenance usually carried out by the farmer/landowner.

Following the introduction of the 2021 Environment Act, which introduced a requirement for developments to provide a mandatory minimum 10% BNG as a planning condition, enforcement commenced on 12th February 2024. The percentage of BNG is expected to vary between local planning authority (LPA) areas but may be up to 25%.¹⁹

There are currently 24 secured Habitat Banks, with ambitions to develop over 4,000 hectares of new Habitat Banks during the next five years. Key sales discussions are underway with leading housebuilders and large infrastructure developers for agreements to purchase the BNG credits that these Habitat Banks will generate.



17. Gresham House, 2024

18. 680x less carbon (0.003 tCO₂e per tonne of yield vs. 2.029 tCO₂e per tonne of yield) compared with importing

19. Targets are not guaranteed. Capital at risk

Conclusion

An allocation to UK sustainable infrastructure has the potential to deliver on a number of pension scheme objectives including:

Levelling up: Help pension funds meet levelling up requirements whether their focus is more broadly on the UK or wanting more specific regional exposure

Financial benefits: Deliver an income that could help support cash flow negative schemes

ESG benefits: Contribute towards climate change targets including alignment with UN SDGs

At Gresham House, we believe there are many compelling investment opportunities across the UK to intentionally scale impactful sustainable infrastructure assets that we believe are beneficial for investors, society, and the planet.

About Gresham House

Founded in 1857, Gresham House is one of the oldest companies in London. Since 2014, the business has been transformed, with a new ethos, team and investment mandate. Our established culture of empowerment, individual flair and entrepreneurial thinking enables us to attract and retain the brightest talent in the industry.

Gresham House has continued to go from strength to strength, through acquisition and organic growth, with assets under management of over £8.5bn (31 December 2023, unaudited) providing a strong and scalable platform from which we continue to grow.

Signatory of:



Get in touch



Heather Fleming
Managing Director,
Institutional Business

M: +44 (0)7872 685 532

E: h.fleming@greshamhouse.com



Claire Glennon
Head of Institutional Sales

M: +44 (0)7788 291 515

E: c.glennon@greshamhouse.com

Important information

This Document (the Document) provides information on a proposed strategy, Gresham House Sustainable International Forestry Strategy, (the Strategy). The Strategy has not been formed as at the date of this presentation. The promotion of the Strategy and the communication of the information contained in this Document in the United Kingdom is accordingly restricted by law. The information contained in this Document is being communicated in the United Kingdom for the purposes of section 21 of the Financial Services and Markets Act 2000 and has been issued by Gresham House Asset Management Limited (GHAM or the Manager). GHAM whose registered office is at 5 New Street, London, EC4A 3TW is a company authorised and regulated by the Financial Conduct Authority (FCA). Gresham House Asset Management Limited will be the investment manager in respect of the Strategy. Any offering or acquisition of securities in the Strategy may only be made pursuant to, and is subject to the terms of, the offering documents (the "Offering Documents") which may be issued by or on behalf of the Strategy, and this Document does not, and is not intended to form the basis of, nor may it be relied on in connection with, any contract for the acquisition of any shares or other securities (together "securities"). The Offering Documents will describe the structure of the securities more completely, including risk factors which should be considered by potential investors. Prior to making any investment commitment, investors should review the Offering Documents, rely only on the information contained therein and conduct their own investigation and analysis. Information contained herein is qualified entirely by the information in the Offering Documents.

For the Attention of United Kingdom Investors. This Document is intended for distribution in the United Kingdom only to persons who: have professional experience in matters relating to investments, who are investment professionals, high net worth companies, high net worth unincorporated associations or partnerships or trustees of high value trusts, and investment personnel of any of the foregoing (each within the meaning of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005). This Document, its contents and any information provided or discussed in connection with GHAM and the Strategy are strictly private and confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose, without the consent of GHAM (provided that you may disclose this Document on a confidential basis to your legal, tax or investment advisers (if any) for the purposes of obtaining advice). Acceptance of delivery of any part of the Document by you constitutes unconditional acceptance of the terms and conditions of this notice. This Document is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. It is provided for information purposes only. Any investment is subject to various risks, none of which are outlined herein. All such risks should be carefully considered by prospective investors before they make any investment decision. You are not entitled to rely on this Document and no responsibility is accepted by GHAM or any of its directors, officers, partners, members, agents or advisers or any other person for any action taken based on the content of this Document. GHAM does not undertake to provide the recipient with access to any additional information or to update this Document or to correct any inaccuracies therein which may become apparent. The views, opinions and forecasts expressed in this Document are based on GHAM's research, analysis and/or house views at the time of publication. No recommendation to buy or sell investments is implied. No undertaking, representation, warranty, or other assurance, express or implied, is made or given by or on behalf of GHAM or any of its respective directors, officers, partners, members, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this Document and no responsibility or liability is accepted by any of them for any such information or opinions. Past performance is not indicative of future results. The value of investments may fall as well as rise and investors may not get back the amount invested. Statements contained in this Document that are not historical facts are based on current expectations, estimates, projections, opinions, and beliefs of GHAM. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. In addition, this Document contains 'forward-looking statements.' Actual events or results or the actual performance of the Strategy may differ materially from those reflected or contemplated in such forward-looking statements. Past performance is not necessarily a guide to future performance. The value of investments may fall as well as rise and investors may not get back the amount invested. Changes in rates of foreign exchange may cause the value of investments to go up or down. There can be no assurance that the targets can or will be met and should not be taken as an indication of the Strategy's expected or actual future results. Accordingly, potential investors should not place any reliance on the targets in deciding whether or not to invest in the Strategy and should decide for themselves whether or not the target returns are reasonable or achievable. Certain economic and market information contained herein may have been obtained from published sources prepared by third parties and in certain cases may not have been updated through the date hereof. While such sources are believed to be reliable, neither GHAM nor any of its directors, partners, members, officers, or employees assumes any responsibility for the accuracy or completeness of such information. If you are in any doubt as to the matters contained in this Document, you should seek independent advice where necessary. This Document has not been submitted to or approved by the securities regulatory authority of any state or jurisdiction.

80 Cheapside, London EC2V 6EE

 (0) 20 7382 0999  info@greshamhouse.com

www.greshamhouse.com

Copyright © 2024 Gresham House


Gresham House
Specialist investment