

## 20 YEARS OF IMPACT

resonance 2002 - 2022





## CONTENTS

1 FOREWORD	5
2 THE START OF A TWENTY YEAR JOURNEY.	6
3 IMPACT TIMELINE	16
4 TWENTY YEARS OF IMPACT	22
5 SHARING OUR JOURNEY	42
6 THE NEXT TWENTY YEARS	94

"I REALLY STARTED TO UNDERSTAND THE CORE BUSINESS OF RESONANCE, WHICH IS HOUSING FOR THOSE IN THE GREATEST NEED."

## **1** FOREWORD

#### The pupil

I am very pleased to have been invited to compose this foreword to Resonance's 20th anniversary report because it was Resonance that got me into the business of impact investing in the first place, some eight years ago. So, the pupil gets to introduce the master teacher, quite an honour for me.

I am currently deputy chair of the UK's Impact Investing Institute, which was set up more than two years ago to promote impact investing in the UK, with financial support from several UK Government departments and some fifteen financial services providers. The Institute's origins lie with an advisory group commissioned by the Cabinet Office and led by Elizabeth Corley, then chair of Allianz Global Investors. That advisory group wrote a substantive, even transformational report, published in November 2017, that was sufficiently wellreceived at the Cabinet Office that they responded by requesting that Elizabeth lead an implementation taskforce to seek to convert some of the recommendations into reality for the UK's growing impact investing market. That taskforce operated for over a year before deciding to institutionalise itself as a more permanent source of advocacy for impact investing, and the Impact Investing Institute was set up in November of 2019.

#### **Resonance was instrumental in shaping SITR**

I was only invited to join Elizabeth's advisory group in 2016 because of the modest amount I had learned about impact investing while I was head of UBS Wealth in the UK and Jersey (from which I am now retired). My unit's sustainability and philanthropy people had locked onto a pioneering investment initiative called Resonance Bristol SITR (Social Investment Tax Relief) Fund (now Resonance South West SITR Fund), which proposed to use an impact-specific form of tax relief to support investment in charities and social enterprises that were seeking to improve people's lives and support community institutions in Bristol. Resonance had been instrumental in shaping SITR at its launch by Government in 2014, and were now one of the leading users and advocates of the new scheme. It was Resonance Bristol SITR that introduced me to Imperial Sports Ground, which makes sport, leisure and recreational facilities available to all ...Bristol 24/7, a community interest company that is the leading media outlet in the South West, but also works with other organisations to create impactful community projects... Raised in Bristol, a social enterprise that provides childcare and early education for children in community spaces. In addition to advocating for the Fund with my UBS client advisors, I also made my own investment, and so for the last six years have participated in the growth and challenges of social enterprises in

the South West. And of course, when Resonance later launched the Resonance West Midlands SITR Fund two years later, I also invested, and am now earning and learning from social enterprises such as Wildgoose Rural Training, which provides access to the rural environment for people with learning disabilities and mental health issues... Jericho Foundation, which provides employment opportunities and training for people who have experienced severe disadvantage, and Gro Organic, which designs educational programmes based on the outdoors and growing food.

#### The core business

In the following years, while working on projects with the Institute and its predecessor organisations, I found myself intersecting repeatedly with Resonance because they operate at the heart of impact investing in the UK, and at nearly £300 million in assets under management, are one of the most significant dedicated impact asset managers in the UK.

When the taskforce gathered support for a set of proposals to reform Social Investment Tax Relief. we found Resonance, and especially Daniel Brewer, to be an authoritative partner and passionate advocate. But it was only when I worked with the Institute on a ground-breaking piece of research on the relevance of social housing investments for UK pensions that I really started to understand the core business of Resonance, which is housing for those in the greatest need. Our study, 'Is there an investment case for social and affordable housing in the UK?' posed that guestion to UK pension funds and found few of them prepared to embrace the types of socially impactful and financially responsible investment opportunities offered by Resonance and others. But after our report was published, I was delighted to see that Greater Manchester Pension Fund did indeed see the value of specialist housing provided by responsible asset managers, and was a cornerstone investor in Resonance's National Homelessness Property Fund 2, to be followed, I expect, by other local government pension funds.

My next significant advocacy and research project at the Institute, in collaboration with The Good Economy, culminated in 'Scaling up institutional investment for place-based impact', which laid out a logic and a guide for pension funds to invest with intention in investments that delivered financial returns, while contributing to the economic resilience of local communities. And in this area, also, we had much to learn from Resonance, which was cited a number of times in the report as a leader in place-based impact investing suitable for institutional investors.

But I am not solely a director of the Impact Investing Institute. I am also a director of the Schroders BSC Social Impact Trust, an £85 million investment trust set up as a partnership between Schroders and Big Society Capital to provide access to highimpact, private market investments, in a form that permits ordinary investors to participate, in any amount, through its listing on the London Stock Exchange. The Trust draws on Big Society Capital's unique experience in sourcing the highestimpact investments in the UK that also meet the requirements of market investors for a competitive risk-adjusted return. The Trust focuses on a very small number of funds managed by dedicated impact asset managers, and yes, as you likely guessed, Resonance is represented there, in this case through its Real Lettings Property Fund. The Fund is a collaboration with homelessness charity St. Mungo's, and provides housing for vulnerable people moving on from temporary accommodation.

#### Resonance generates some of the highest quality impact reporting

Although impact investors put a high premium on measurement of impact, it is often difficult to gather comprehensive and conclusive impact data. Resonance generates some of the highest-quality impact reporting in our sector, and I appreciate the model it provides for others. But there are always going to be gaps in impact reporting, and, as an investor, I feel a compelling need to believe in the motivations, culture and commitment of the organisation doing the investing, so that I know that they are doing the right thing when no one is measuring. My eight years interacting with Resonance and its people, as pupil, investor, colleague, collaborator and client, have given me that confidence.

In the following pages, you will hear from a wide variety of voices who have been travel companions on Resonance's twenty-year journey - partners, collaborators, supporters, investors, and in particular you will hear from those who have benefited directly from the firm's investments in place- based social entrepreneurship or housing for those exposed to homelessness. Most of us have tried to contribute something to Resonance's mission, but almost all of us have been net beneficiaries of the commitment, wisdom and experience of Resonance and its people over the last twenty years. For my part, I am deeply grateful for my association with Resonance, and am looking forward to the next twenty years with them.

#### JAMIE BRODERICK

5

# **THE START OF A TWENTY YEAR JOURNEY**

**"THERE WAS NOTHING THAT COULD NOT BE SOLVED AND THERE WAS VERY OBVIOUSLY A GROWING NEED FOR CHANGE IN SOCIETY'S STRUCTURES."** 

**REBECCA BREWE** 

## **2 THE START OF A TWENTY YEAR JOURNEY**

#### Serendipity

Just over a year into the new millennium, when concerns over the Y2K glitch were fading and the Eden Project in Cornwall opened the doors to the world's largest greenhouse, a serendipitous meeting took place. Daniel Brewer, a recent graduate from Cambridge University, first met his now mentor, friend and cofounder of Resonance, Peter Dawe.

Peter, a serial entrepreneur, who was behind the first commercial internet service provider Pipex, was looking to team up with an 'apprentice entrepreneur'. Daniel applied to take part in the project, which was structured so that he would work on a project of Peter's choice for one year, and then Peter would modestly fund Daniel, to run a project of his own choice.

The project was to Solve the Poverty Trap in the UK and Reform the Benefits System. Little did Daniel realise as he embarked on this work, that the main outcome of getting the government to back local housing allowances, allowing landlords to know what they would earn if they rented a property in a certain location, would be one of the key building blocks of the Resonance Homelessness Property Funds that would be designed and launched some years later.

In 2002, as Her Majesty was preparing to celebrate her Golden Jubilee and the European Union officially introduced the Euro to the worldwide currency system, Daniel registered Resonance with Companies House, having received some seed investment from the Dawe Charitable Trust, with Peter as a non-exec director. After many discussions with Peter, the conclusion that Daniel came to was that many great not-for-profit organisations were unable to grow and do more good, as they had no access to growth capital.

#### There must be a better way

Three things coalesce in Daniel's memory about the genesis of Resonance. Firstly from his initial career in engineering, he saw first-hand how big business defined shareholder value narrowly, as this quarter's profit, at the expense of pretty much everything else. He thought there must be a better way of connecting shareholders and business leaders around a set of values that are not just about profit.

The second thing that he discovered whilst working on the poverty trap, was that some companies were putting their purpose first and helping people transition from the benefits system to the world of work; often as small profit-making companies such as cleaning or furniture recycling. He recognised that these businesses were both trading and delivering an impact – they were purpose-led and sustainable. And finally, the third dimension was Peter's experience of being a trustee of an endowed charitable trust. Peter felt the classic model was both propping up a system of exploitation on the investment side only to feed a system of dependency on the donation side. It became clear to them that making trading charities - social enterprises as they would become known - sustainable, was the best way to ensure their future and scale their social impact.

#### An investment company in Cornwall?

Daniel, who was living in London with his young family at the time Resonance was born, spent his time working with a small number of East London social enterprises, supporting them to develop their business models. He was very focused on how social enterprises could work effectively to scale up their impact, as well as developing their theories of change. Gradually he did a bit more work nationally.

Then in 2006 Resonance ran a project with Charity Bank, funded by Baring Foundation, that was designed to help social enterprises in Cornwall to prepare for investment. As many of Resonance's clients were now in Cornwall, Resonance and the Brewer family moved to the deep South West.

People Daniel met were occasionally bewildered that an investment company could be headquartered in Cornwall. However, operating costs were lower, there were a rich network of South West social enterprises and routes into London were much more efficient than the other way around.

#### **Blueprint deal**

In 2007 whilst Gordon Brown was settling in as the new Prime Minster and the new Wembley Stadium was completed, Daniel successfully arranged the community share offer for Community Benefit Society Mustard Seed Property. It enabled the purchase of a property that prevented a handful of vulnerable adults, including some with learning disabilities, from becoming homeless, whilst learning skills and gaining confidence in managing stable lifestyles. This would be the blueprint for future property funds and transactions, that would help charities and housing partners to acquire the properties they needed.

#### Building an effective and resilient team

Not long after moving to Cornwall, Daniel met Bob Paterson of Community Land & Finance and Salford University, when he was asked by Bob to provide support and advice to community land trust projects in Devon and Somerset. This relationship would eventually lead to the development of Resonance's first two community asset funds, the Community Share Underwriting Fund and the Affordable Homes Rental Fund. Bob, a former Housing Association CEO, brought with him a depth of experience of working with community housing projects and with Daniel's growing experience in property acquisition for charities, their skills complimented one another, and their organisations merged.

One of Bob's responsibilities was to make Resonance more resilient and help it grow, and it was as part of that process that Simon Chisholm joined Resonance as Investment Director, located in Manchester. This would prove to be a key appointment and the commencement of the next phase in Resonance's evolution. Simon brought with him years of experience of the investment world having worked at Rothschild & Co, but he also had first-hand experience of social enterprise having served as a trustee for a pioneering London-based homelessness charity. This foundation of knowledge and experience, coupled with Daniel's now ten years of entrepreneurialism lit a spark at Resonance as it moved from just Peter and Daniel to an operational pairing that would lead to new fund development and of course the Manchester footprint where Simon was based.

Later in 2012, when the UK (including the Queen who was now celebrating sixty years on the throne) was glued to screens watching the many UK Olympians win gold at the London Olympics, another key appointment was made, with Sharon Gorman joining Resonance as Finance Manager and John Williams as Investment Manager. The launch of the Real Lettings Property Fund in 2013 was the start of the company's serious growth as it helped Broadway (later merged into St Mungo's) scale up its access to the properties it needed. The organisation was in good health but with limited capacity or appetite to borrow. Resonance helped them scale a solution off their balance sheet, through leasing property on flexible terms and accessed £250m of property investment for St Mungo's – something they definitely could not have achieved by just borrowing in the market.

The first ten years of Resonance was a story of pioneering and learning, hope, aspiration and good fortune that the right people met each other at the right time. We share the reflections of Rebecca Brewer, Bob Paterson, Simon Chisholm and Sharon Gorman from that roller coaster period, but here's one final thought from Peter Dawe, before we hear their stories.

"As with all things pioneering, more than one person works in a space and claiming credit is always debateable, but I would argue that Resonance was certainly a significant pioneer in the whole of impact investing and through Resonance's work over the past twenty years, we have gone from a world where impact investing didn't exist, to where hundreds of billions are now invested worldwide." A SERENDIPITOUS MEETING BETWEEN PETER DAWE AND DANIEL BREWER, LED TO A TWENTY YEAR FRIENDSHIP. **"WE SET UP RESONANCE IN AN OLD LISTED BUILDING AND WE LIVED UPSTAIRS. IT WAS THREE TIMES THE SIZE OF OUR LONDON FLAT AND NEEDED LOADS OF WORK."** 

## **REFLECTIONS OF THE EARLY YEARS**

#### **REBECCA BREWER**

#### First, there must be failure

Daniel and I sat on his bed one afternoon at his parents' house, after he had been to several interviews. We were engaged, I'd graduated and he was about to. We were in deep discussion about whether he should take on the apprenticeship in entrepreneurship with Peter Dawe, which had no real structure or predicable outcome, or pursue more conventional offers in manufacturing and management consultancy.



We chose the less predictable option, which at the time felt exciting and like choosing adventure. Once back from honeymoon, we moved to East London, and Daniel engaged in political lobbying regarding the poverty trap in the UK, under Peter's direction. He successfully gained attention of significant policy makers, developed alternative statistical models for how the tax and benefit system could be better designed to give incentive to move in to work. Daniel was already wide-eyed at inequalities in society and working from Centrepoint offices gave him visibility of the sharp end of these issues. His lobbying was written about in the Guardian, where they compared him to Beveridge (whom we had no idea about and had to go look up on the early version on the internet).

We were also running a music publishing business together which only fleetingly took off and then failed and closed as we faced hard choices about my time and energy commitments as well as giftings once I got pregnant in 2002. However, this is intrinsically linked to how Resonance began: we learnt some hideously hard lessons throughout the rise and fall of this first business and although Daniel writes the experience off as a minor personal disaster, I see it differently and wear it with pride. There are no instant successes, but I believe most of our wisdom is often formed through some kind of difficult personal experience. We certainly learnt things from this sometimes painful period, that meant Resonance benefited and could more easily survive and grow.

#### **Resonance?**

The two of us were riding in the back of a car before we were married and it suddenly started to slightly shudder and vibrate inside. Daniel started talking about resonant frequencies. He said he loved the idea that when something travels at a certain speed the natural response is for the entire thing to dramatically vibrate with energy. The idea that there is a sweet moment – resonance - where everything is travelling at an optimal speed and naturally moves - a physics phenomenon. Later I think he wanted to create his own moments within organisations, where the money, skills and needs of a community all found the perfect balance and that's how the name Resonance was chosen.

#### **Using our imaginations**

After working on Peter's poverty trap lobbying, Peter agreed to fund Daniel's project - and he started Resonance. I think there was also a discussion about an idea involving a wheelbarrow, but thankfully, the idea of money being made to work hard won the day.

By August 2002 we were now a family of three living in a tiny two up and two down house in East London and Daniel biked each morning to CARE in Westminster, where he hot-desked as an entrepreneur with shared values, advising social enterprises. Much of his work was working through what the purpose or aim or shape their enterprise may take - it was deeply theoretical. Daniel did not take long to burn through Peter's money in his first year, spending it on legal advice and getting distracted by theories of change. We were about to face the stony realisation that being an idealist is wonderful until the rent is due. Then idealism starts to get annoying. So, he soon started serving many different social enterprises as a consultant and rolled his sleeves up and got grafting. He worked within incredible East London based voluntary sector organisations and things often were stressful and went wrong, but they also demonstrated to him on a small scale how something could be scaled up and benefit so many more people.

"There are no instant successes, but I believe most of our wisdom is often formed through some kind of difficult personal experience. We certainly learnt things from this sometimes painful period, that meant Resonance benefited and could more easily survive and grow."

We would debate at dinner: Why are people in the same organisation paid different amounts? What impact does this social enterprise really have on those people employed? How long does that impact last? How can you measure impact? How do you audit what a neighbourhood may need in terms of social change? We would spend hours when the baby was asleep upstairs talking about the potential momentum we could imagine if more people developed the mindset of a social enterprise, rather than thinking of either traditional charitable or business sectors. It never occurred to either of us to stop the graft, question whether we were perhaps daydreaming into disaster and go get a normal job. At every point, and I am aware this may sound like a fairy tale retelling of the time, but I am certain this is true: when things got tight, something would happen to encourage us to keep going. Daniel would get another few days a month employment from another person needing advice and work.

We were offered places to go on holiday for free from godparents or family, we were encouraged by family who really had no idea what Resonance was (his Mum would ask me in a whisper every time to explain it again) but they knew Daniel was verging into something that lit him up and was somehow making a living as well.

#### No box to tick

Entrepreneurs run in Daniel's family. Every time we tried to explain Resonance to someone it felt more and more like the business was inventing a new sector. It just wouldn't stay in a box. And this idea seemed so important it was worth the hard work to be there at the start of its conception. And slowly things started to look more futuristic. In 2004 as we were expecting our second baby, we were offered a Peabody Trust share ownership flat just down the road, which looked a lot like a yellow shiny spaceship had just landed. No one else wanted them but we loved them! We considered this a real gift as we were two people in the public sector (I'm a teacher; we weren't sure what Daniel was, they just listened to what Daniel did and couldn't find a box for him to tick and put him down as charity worker. He had to bite his tongue). This is not irrelevant to the Resonance story. Without the Peabody Trust itself, the housing market would have driven us out of London as prices went crazy and potentially cut out the chances for Resonance to incubate within London as it did. The very issues Resonance was and is trying to address, could have easily derailed the Resonance in its most vulnerable state.

#### **Authority and flexibility**

So from 2004-2006 Resonance was based in the living room of the new spaceship flat known as the Yellow House, and this makeshift office meant Daniel got a little perspective basing the business from somewhere other than someone else's offices and Resonance started to develop a stronger identity of its own. Resonance was starting to become a significant presence where entrepreneurs would get the map they needed to do things differently, providing an alternative way of working for many who were demanding change but couldn't work out how to get there. We met cafe owners, writers, farmers, builders, church leaders, warehouse managers, architects, school leaders, all who needed serious input to move forward. Many would want to create a sustainable enterprise, feed their family but invest the profits back into the organisation. Daniel was there with the map, the language, the examples, the connections to help them off the starting blocks. We as a family would visit these places as they grew, use their services, buy their furniture, visit their schools, eat at their cafes. This was personal. We would find Social Enterprises whilst we were on holiday and go explore what they were doing. These people attempting to lead social change in their communities were supported by Resonance and then they told their friends; it was flexible, moving, forward thinking, responsive to the needs of society and exciting. There was nothing that could not be solved and there was very obviously a growing need for change in society's structures.

"Resonance was starting to become a significant presence where entrepreneurs would get the map they needed to do things differently, providing an alternative way of working for many who were demanding change but couldn't work out how to get there."

#### Launceston, Cornwall

I'm Cornish and many folk are mistaken in thinking that Cornwall is a blissful, sandy haven of holiday calm. The reality is that the rising house prices means the deprivation and inequality within communities is as devastating as it is across other more obvious parts of the country. With Daniel now spending a week a month working in Cornwall with local Cornish social enterprises, and me missing my motherland, it became obvious that living in a deprived, less central part of the country may be an equally effective way of developing Resonance. The communities which were most at need were not always near the City of London and we didn't think it had to be the only place for a financial headquarters. London office rent and rates were also incredibly high, so Launceston seemed more and more to be the answer.

We set up Resonance in an old, listed building where we as a family lived upstairs and Daniel ran Resonance from the ground floor completely on his own. On the day of moving, we hired two vans from a social enterprise in East London and each of us drove a van with a child next to us, one Sunday morning from Canning Town to Launceston. The building was three times the size of our little London flat and needed loads of work, but it was ours. I remember thinking we would never find enough furniture to fill it.

After many months of working through the detail, Resonance facilitated a complex property purchase in a deprived town in Cornwall, giving a home to some vulnerable people in the county. Whilst it was a drop in the ocean to others, to us it was the moment things moved up a gear – something we could take pride in, a very real accomplishment. I bought Daniel a sign that day and dated it on the back. It hangs in our hallway: 'Expect a miracle'. At the time it really did feel like it.

#### The team

Shirley was the first to join the Resonance family as a support to Daniel. Our children, who are both now grown up, remember walking through the office as infants and chatting to her and Daniel, witnessing the growth, seeing their dedication. They were and still are, very proud of their dad.

Shirley was the first employee of what would grow to be the amazing Resonance team for which we hold such affection. We were so small at the start that I had to sit on the interview panel and appear as though I was an employee rather than the wife. As it grew, I saw the huge burden that Daniel had chosen to carry, gradually lighten. He had occasionally suffered from heavy spontaneous nose bleeds at times of stress, but they never came back after the team grew and the partnership began between Daniel and Simon in 2012. There is nothing quite like finding someone in your professional life who can understand you but possess all the strengths you do not have – this is Daniel and Simon.

The team grew and grew and eventually other offices were opened, like a child leaving home. Daniel started taking holidays and turning his phone off. After putting the children to bed he started not returning to the ground floor to put in a few more hours. At each Resonance whole team away day the faces kept changing and the chairs kept increasing. I love attending the Resonance events and meeting new team members, hearing about the growth, their motivation for joining, the funds they run. I delight that it has turned into a whole team of people driving ahead what so desperately needs to be done in communities. But whenever I am there, in the background, however hard I listen to all the presentations, I can only just comprehend the amazing phenomenon in the room. The result of years of laser focused collaboration with so many varied people. I remember a few months after the opening of the Launceston office, Daniel called upstairs to me: "Rebecca - you won't believe it. I've just been sent the first issue of a magazine and it's just titled 'Social Enterprise' I think this might catch on!

"There is nothing quite like finding someone in your professional life who can understand you but possess all the strengths you do not have."



"EVERY TIME WE TRIED TO EXPLAIN RESONANCE TO SOMEONE IT FELT MORE AND MORE LIKE THE BUSINESS WAS INVENTING A NEW SECTOR. IT JUST WOULDN'T STAY IN A BOX".

resonance

resonance

## **REFLECTIONS OF THE EARLY YEARS**

#### **DR BOB PATERSON**

Daniel and I first met whilst I was leading from the University of Salford the Community Land Trust (CLT) National Demonstration Programme in 2006-8. This provided support and advice to twenty rural and urban CLT projects around England. Each location required a support organisation and in this regard Daniel and a colleague were appointed to the role in Devon.



One of the key findings from the National Demonstration Project was the need to develop specific funding streams for CLTs to access development finance and long-term loans for rental housing. To meet this requirement together with two colleagues, we formed Community Land  $\vartheta$  Finance Ltd in 2008 as a private company and Daniel subsequently became a director.

The key breakthrough in securing funds was from Big Society Capital, which offered £2.5m for on-lending. Daniel was a signature to this application in 2011 and Resonance was appointed to act as fund manager.

#### Resonance

Upon my retirement from the University, I was appointed as a non-executive Director of Resonance in 2012. In this regard I established a day-to-day working relationship with Daniel in the Launceston office – I only lived fifteen miles away across the Devon Border. I had in essence two roles.

The first was managing the business, including ensuring that the company had a clear vision, as well as strategic and business plans in place. Resonance, as a business, was too dependent upon Daniel and my role was to share the responsibility with him but also to plan for future resilience. I am proud to have worked with Daniel in achieving this and in securing the appointment of his first two key members of staff who continue to support him today, Simon Chisholm and Sharon Gorman.

The second responsibility was the provision of assistance, support and advice. In my role as a Director of Community Land  $\vartheta$  Finance a key requirement was to provide continuing advice and support for social investment in CLTs. Daniel with his professional experience was instrumental in developing a template that each CLT could access in devising the financial viability of their projects. This role was formally adopted by Resonance in 2013 when a service level agreement was signed with Community Land  $\vartheta$  Finance.

#### Continuing opportunities

Since my retirement from Resonance/CLF in 2014 it has been gratifying to note the continuing impact of Resonance in the field of social investment in rental housing, especially in light of the substantial withdrawal of the British state from this sector. Both the residential property funds for homeless families and individuals, and the social impact funds designed to provide equity in community asset projects are shining examples of what can be achieved through a continuing commitment to social entrepreneurship.

## SHARON GORMAN

#### Making the world a better place

I'd never heard of social enterprise or impact investing before joining Resonance in July 2012, and began my journey into this wonderful world. I remember Bob Paterson became my mentor about all things social enterprise, teaching me about the history, how it works - it really was an education.

In the early years, we worked on the ground floor of

the Brewer family home in Launceston. It struck me from day one, the real family vibe around the place. I remember Mercy and Caleb coming in from school and rushing to see Daniel; the chain gang we used to form to transport bags of wood pellets into the garage to fire the wood pellet boiler; and Daniel's parents visiting to help us decorate.

Resonance is the first job where I feel genuinely part of something that makes the world a better place. During my ten years, there have been so many amazing enterprises that we've worked with, and all of them have moved me in one way or another. Some that really stand out for me are: working with the inspirational Karen Sorab at BeyondAutism raising the capital to fund their schools; closer to home raising capital for Cornwall based Smile Together, educating 5,000+ children who don't have access to oral health, and giving them and their communities access to dental professionals; and the work that Chukes and his team do at Action to Prevent Suicide, a subject particularly close to my heart as I lost my brother to suicide.

#### Still a sense of excitement

Our focus going forward is on our impact property funds, and it's funny how we were so ecstatic buying the first property and now we've over 1,000! When completions come through on the payment runs, they're just normal weekly events now, even though we retain this sense of excitement knowing the importance of that property as a future home for people at a time of crisis in their lives. I remember vividly the first property handed to tenants - a really nice, tidy and wellkept modern looking house for a single mum and her children. What struck me was that they had been homeless, and I realised that my mental picture had always been of people on the street. It was that precise moment that opened my eyes to the wider problem of homelessness.

#### Still a family

As more people join the team, it's been great to see that we have continued to give everyone an opportunity to contribute at our meetings. Resonance has always valued "Team" and face-to-face interaction. COVID-19 only managed to stall this, and it's great to see us all getting back together, working collaboratively and enjoying each other's company, particularly with so many new faces.

Resonance is growing quickly, but I'm proud that we still retain that family feel. Unlike some companies, I can honestly say that Resonance doesn't just talk about being a family. Everyone pulls together, like we did on "Pellet Duty" all those years ago.



#### **SIMON CHISHOLM**

#### Was I mad?

My journey into impact investment really started in 2007. Arriving back in London after four years in Hong Kong had given me a different perspective on many things in my own country. I had worked for over a decade in international corporate finance and learned something of how investment flows, but was it flowing to the right things? I had been intrigued by an initiative pioneered by one of my Rothschild colleagues, Keith

Palmer, to catalyse energy projects which would benefit developing countries and could recycle donor money more effectively through investment – no one called it impact investment then. The opportunity to serve as a Trustee of a pioneering London homelessness charity, Broadway, led by a forward-thinking Chief Executive, Howard Sinclair, opened my eyes to the potential for social enterprise to create sustainable positive change in people's lives. Could this be invested in? I started drawing some graphs with return on one axis and impact on the other, and discussing with friends in the social sector and investment world – was I mad? No, they said, but it's difficult.

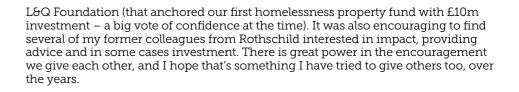
#### The first meeting

Then I met Daniel. I still recall our first conversation at the Impact Hub in King's Cross in late 2011, where ideas flowed back and forth at high speed. It was a revelation to discover that Daniel had been pioneering this approach to investment for a decade by then, working with social enterprises of all shapes and sizes, from community groups to major national charities, to "engineer" how investment could best help them scale their impact. I was impressed that he had stuck with it, one deal at a time, and learned many lessons along the way. He had a vision for how funds could allow this kind of investment to flow at much greater scale, but this would need Resonance to transform itself into a fund manager. He had some backing from NESTA to bring on an Investment Director. I was sold.

#### The first year

Day 1 at Resonance, Easter 2012, I arrived at the Launceston office – at that time 42 St Thomas Road, with Daniel and his family living above. I was the fourth staff member, joining Daniel, Bob (Finance Director) and Shirley (Administration). Though my title was Investment Director, that in practice made me Compliance Officer, Fund Manager and Head of Investor Relations. Thankfully, a decade later, Resonance has grown to a team of over fifty and I have experienced colleagues now covering all of these roles far better than I could in those early days! The first big step towards that was John Williams joining later in 2012 to manage the first fund, and Sharon Gorman joining in Launceston as a permanent Finance Director as Bob moved to the next stage of his (very active!) retirement. John and I were both based in the North West, so the first Manchester Resonance office was born – a shared room with some environmental consultants in the historic Cooperatives UK building!

As we sought and achieved FCA authorisation as a fund manager that first year, three other organisations made a huge difference to our early development: Esmée Fairbairn Foundation (the first investor in our very first fund), Big Society Capital (the first investor in our second fund, and their first fund investment as I recall), and



"Daniel had a vision for how funds could allow this kind of investment to flow at much greater scale, but this would need Resonance to transform itself into a fund manager. He had some backing from NESTA to bring on an Investment Director. I was sold."

#### The first homelessness property fund

By early 2013 Resonance was FCA authorised and ready to launch its first homelessness property fund. Broadway (now St Mungo's) had pioneered the social enterprise approach through its "Real Lettings" initiative, providing a route back to private rented accommodation for individuals and families with a homeless background who were stuck in temporary accommodation. Resonance had worked with Broadway to look at all the ways investment could help them scale up this solution - a property fund was the chosen solution, since leases could be designed to match the specific needs of this type of tenancy and a fund which owned the property also provided a familiar investment structure for investors, allowing much greater scaling of the model than if Broadway had just sought to borrow money. In the early days of the fund, it became apparent that a granular approach to working with housing partners, sourcing the right properties, refurbishment and handover would be crucial to both investment and impact success, so we started building up our own in-house property team, which is now over twenty strong. We've since been able to both scale up the funds for homelessness, working with multiple housing partners across the country, and also launch more specialist funds for vulnerable women and learning disability which adapted that blueprint by working with social enterprises with expertise in those areas.

#### Ten years on

Resonance has now built up its impact funds to become a significant contributor to the UK impact investment sector, and can now attract institutional investment at scale to address problems of equivalent scale, like national homelessness. Equally, it has retained its pioneering spirit through its Impact Labs, which focus on other forms of social enterprise investment, often linking to the social issues being addressed through the property funds. I am glad to say that, throughout this growth and development, Resonance has also stayed true to the early values which attracted me to join: mutual respect for colleagues and understanding we can do more together with our different strengths than we can alone, a singular focus on (and inspiration from) backing good social enterprise which can transform lives, and a preference for getting things done over just talking about them.

# **IMPACT TIMELINE**

THE MUSTARD SEED PROPERTY DEAL WAS A BLUEPRINT FOR THE DEVELOPMENT OF THE IMPACT PROPERTY FUNDS.

## **3 IMPACT TIMELINE** THE EARLY YEARS

The early years of Resonance involved Daniel working alone with Peter Dawe as his mentor, building the network and connections that would serve Resonance so well in later years. These foundations, built over nearly ten years of tirelessly collaborating with like-minded peers, clients and investors, earned Daniel and Resonance the trust and respect that was needed for scaling Resonance's impact with the backing of many stakeholders and investors to make some gargantuan decisions from 2012 onwards. From the initial investment from NESTA, Big Society Capital's investments into Resonance's first funds and other commitments from St Mungo's, Esmeé Fairbairn and Access – they all contributed to the rapid growth that followed.

RESONANCE INCORPORATED	uk social enterprises first counted C5,000	OVER 100K HOUSEHOLDS IN TEMPORARY ACCOMMODATION	uk social enterprises increase 300% C15,000	<b>11.3M</b> PEOPLE LIVING IN POVERTY IN UK
2002	2003	2004	2005	2006
<ul> <li>Dawe Charitable Trust provides seed investment</li> <li>Daniel's lobbying work on the UK poverty trap prior to Resonance laid important foundations that would eventually lead to the Resonance Homelessness Funds</li> <li>Social Enterprise Magazine launches</li> </ul>	<ul> <li>Resonance working out of CARE offices in London</li> <li>Daniel supporting social enterprises with initial investments</li> </ul>	<ul> <li>Embedded into small number of East London social enterprises</li> <li>In particular, First Fruit that were involved in a number of activities including furniture recycling, construction, manufacturing and housing.</li> <li>Supporting social enterprises to develop business models</li> <li>Gradually doing more work nationally</li> </ul>	<ul> <li>Working on how social enterprises can scale up impact</li> <li>Helping social enterprises to develop their theories of change</li> <li>Particularly in partnership with The Development Trust Association (later known as Locality), supporting development trusts across London</li> </ul>	<ul> <li>Baring Foundation funds a project with Resonance and Charity Bank</li> <li>Project aimed at helping social enterprises in Conwall to prepare for investment</li> <li>Resonance and the Brewer family move to Cornwall</li> </ul>

And even before setting up Resonance, Daniel's political lobbying and his work on the UK poverty trap lead ultimately to the establishment of the Local Housing Allowance. This gave transparency to private landlords, allowing them to set appropriate rents. This was an important step too, which would eventually lead to the development of the Resonance homelessness property funds.

<b>£1.4M</b> INTO 3 ENTERPRISES	<b>£135K</b> INTO 2 ENTERPRISES CUMULATIVE INVESTMENT £1.5M	<b>£4.5M</b> INTO 3 ENTERPRISES CUMULATIVE INVESTMENT £6M	<b>£500K</b> INTO 3 ENTERPRISES CUMULATIVE INVESTMENT £6.5M	<b>£812K</b> INTO 2 ENTERPRISES CUMULATIVE INVESTMENT £7.3M
2007	2008	2009	2010	2011
<text><list-item><list-item><list-item><list-item></list-item></list-item></list-item></list-item></text>	<ul> <li>Sponsored by the Cabinet Office, Resonance partnered with a couple of others as a joint venture called Equity Plus, to look at angel investing</li> <li>Bringing social enterprises and investors together on bespoke angel deals</li> <li>Cochabamba deal, based in Bolivia, completed</li> <li>The learnings from this deal again, contributed to the development of Resonance funds</li> <li>First 'Good Deals' Conference from Social Enterprise Magazine is held at LSO St Luke's. Daniel was one of the speakers</li> </ul>	<text><list-item></list-item></text>	<list-item><list-item></list-item></list-item>	<ul> <li>NESTA provided Resonance (and 7 other intermediaries) with pivotal investment to ensure they were ready for Big Society Capital investment when it launched</li> <li>Big Society Capital founded</li> <li>Work continues with the development of Resonance's first two community asset funds</li> </ul>

## **IMPACT TIMELINE** THE LATER YEARS

Resonance's second decade witnessed enormous growth, mainly driven by the launch of new impact property funds, having demonstrated that the formula could be replicated and scaled up. Delivering real returns in social impact was always the main focus, especially when witnessing the poverty and inequality that existed across the nation and the huge numbers of people either homeless or in danger of homelessness. Resonance's intention was to provide some solutions to help address these issues, whilst seeking to make social impact investing more mainstream.

<b>£282K</b> INTO 3 ENTERPRISES CUMULATIVE INVESTMENT £7.6M	<b>£5M</b> into 2 enterprises cumulative investment £12.6m	£27.5M INTO 13 ENTERPRISES CUMULATIVE INVESTMENT £40.1M	<b>£32.2M</b> INTO 7 ENTERPRISES CUMULATIVE INVESTMENT £72.3M	<b>£26.8M</b> INTO 14 ENTERPRISES CUMULATIVE INVESTMENT £99.2M
2012	2013	2014	2015	2016
<ul> <li>First Resonance fund launches - Community Share Underwriting Fund (CSUF)</li> <li>Affordable Homes Rental Fund (AHRF) launches, the second fund launch of the year</li> <li>Simon Chisholm joins as investment director</li> <li>Resonance granted FCA Authorisation</li> <li>Resonance appointed to deliver Cabinet Office sponsored Investment and Contract Readiness Fund</li> <li>Social Enterprise Magazine is rebranded Pioneers Post</li> </ul>	<ul> <li>Resonance launches Real Lettings Property Fund (RLPF1)</li> <li>City of London Corporation and Big Society Capital invest £5.5m into RLPF1</li> <li>L&amp;Q Foundation commits £10m to RLPF1</li> <li>RLPF1 purchases 1st property</li> <li>Resonance working group delivers Resonance Vision, Mission &amp; Values</li> <li>Resonance appointed to deliver to Big Lottery Fund Big Potential Fund</li> <li>Resonance staff numbers grow to 10</li> </ul>	<ul> <li>Social Investment Tax Relief introduced by Government</li> <li>Resonance publishes scoping report about the potential of a social impact fund for Bristol</li> <li>Resonance completes first ever SITR deal, Fareshare</li> <li>Croydon is first local authority to invest in the homelessness property fund</li> <li>Big Society Capital invests £1m in CSUF</li> <li>Stockwood CBS bought by community for £2.6m</li> <li>Osney Lock Hydro Archimedes Screw installed with CSUF investment</li> <li>Resonance achieves Social Enterprise Mark</li> <li>Resonance publishes Winterbourne View and Social Investment report</li> </ul>	<ul> <li>UBS sponsors the development of the Resonance Bristol SITR Fund</li> <li>Launch of Bristol SITR fund</li> <li>Resonance opens office in Bristol</li> <li>RLPF1 Final Close at £57m</li> <li>Karen Shackleton, Graham Hodgkins and Anita Bhatia join Resonance as non-execs</li> <li>Resonance shared its Investment Readiness tools with Bangladesh Intermediary, Tindercapital</li> <li>Resonance impact property funds are housing 500 people</li> <li>£50m milestone impact funds under management</li> </ul>	<ul> <li>National Homelessness Property Fund 1 (NHPF1) launched</li> <li>RLPF1 completes deployment with £57m raised</li> <li>Resonance works with London CLT to develop their £450K share offer</li> <li>First investment made from the Bristol SITR fund into South Bristol Sports Centre</li> <li>Health &amp; Wellbeing Challenge fund launches</li> <li>Daniel visits Japan to share the UK's Social Investment story</li> <li>Resonance staff numbers increase significantly in three years, now 25</li> </ul>
			Week's RESI Award Resonance wins SI the first social imp Fareshare SW	erty Fund wins Property Is for Newcomer of the Year EUK Deal of the Year 2015 for act tax relief (SITR) Deal with erty Fund wins Estates

 $\sim$  1  $\sim$  1

 Real Lettings Property Fund wins Estates Gazette MIPIM UK award for Private Rented Sector Initiative of the Year The challenges continue - poverty, inequality and homelessness are still at unacceptable levels and social impact investing, whilst growing in scale and recognition, is still tiny in the big scale of things. Resonance will not be slowing down for the next twenty years.

#### **£50M** INTO 20 ENTERPRISES CUMULATIVE INVESTMENT £149.2M

#### 2017

- Real Lettings Property Fund 2 launches
- Our best year mobilising £50m of useful capital into the hands of 20 social enterprises
- The first investment is made from the Health & Wellbeing Challenge Fund (SW) into Karrek Community
- Reached £100m funds under management
- Resonance HQ base in Cornwall moves to bigger offices
- BBC interview Daniel about Resonance property funds
- First SITR marketplace event where investors and investees meet together
- Resonance contributes case studies to Corley report on 'Growing a Culture of Social Impact Investing in the UK'
- Resonance impact property funds are housing 1,000 people
- £125m milestone impact funds under management



E34.3M INTO 33 ENTERPRISE CUMULATIVE INVESTMENT £183.51

#### 2018

- West Midlands SITR Fund launches
- Resonance achieves B Corp Certification
- Greater London Authority invests £15m in Real Lettings Property Fund 2
- Resonance and Ashley Community Housing develop first UK yield sharing finance which is also sharia compliant
- Simon speaks at municipality of Milan conference on placebased investing
- Resonance impact property funds are now housing 1,500 people



Ë3

- Resonance wins Pensions for Purpose Best Social Impact
   Paper Award 2018 for "How Property Investment Can have Social Impact"
- Resonance West Midlands SITR
   Fund wins
   Worthstone
   Impact Champion
   Award 2018 for
   New Product
   Launch

#### **£43.1M** INTO 30 ENTERPRISES CUMULATIVE INVESTMENT £226.6M

#### 2019

- NHPF1 fully deployed, raised £43.3m
- Exceed the £200m milestone of funds under management
- Resonance Community Developers unlocked £850k of grant funding
- Resonance listed as number 6 in KPMG's 75 fastest growing of all firms in Devon and Cornwall
- Joined the NatWest SE100 Index as one of the UK's top 100 social enterprises
- Guys & St Thomas' Foundation invests into Real Lettings Property Fund 2
- £200m milestone impact funds under management

#### (값) AWARDS

쓰

- Resonance
   Homelessness
   Property Funds
   win NatWest
   SE100 Good Deal
   of the Decade
   Award
- Resonance and Smile Together win SEUK Deal of the Year

#### £8.4M INTO 28 ENTERPRISES CUMULATIVE INVESTMENT £235M

#### 2020

- The Women in Safe Homes Fund launches as a joint venture with Patron Capital
- National Homelessness Property Fund 2 (NHPF2) launches
- Resonance Supported Homes Fund launches
- Greater Manchester Pension Fund - the first local authority pension funds, invests into homelessness property fund
- Resonance supported Mustard Seed Property and Co Cars with their respective share offers, both raising in excess of £600k each
- Community Share Underwriting Fund achieves exit with predicted impact and returns
- MacArthur Foundation are first US investors into our impact property funds

#### (☆) AWARDS

<u>خ</u>ے

- Highly commended in Property Week's RESI Awards 'Social Impact' category 'Best COVID-19 Response' for our property funds
- Shortlisted for LAPF Impact Manager of the Year

#### **£8.3M INTO 24 ENTERPRISES** CUMULATIVE INVESTMENT £243.1M

#### 2021

- Resonance Everyone In Fund (REIF) launches and purchases the first of sixty apartments in the capital
- Real Lettings Property Fund 2 fully deployed
- All-women Senior Board of Advisors for Women in Safe Homes Fund
- National Homelessness Property Fund 2 purchases its first property
- Number of housing provider partners grows to over 20
- Social Enterprise Support Fund distributes £3.2m to 120 organisations
- Resonance Supported Homes Fund buys and refurbishes its first shared property
- £300m funds under management
- BSC and Schroders launched the Schroder Big Society Capital Social Impact Trust plc
- Resonance staff numbers double in five years to a team of 50
- £250m milestone impact funds under management



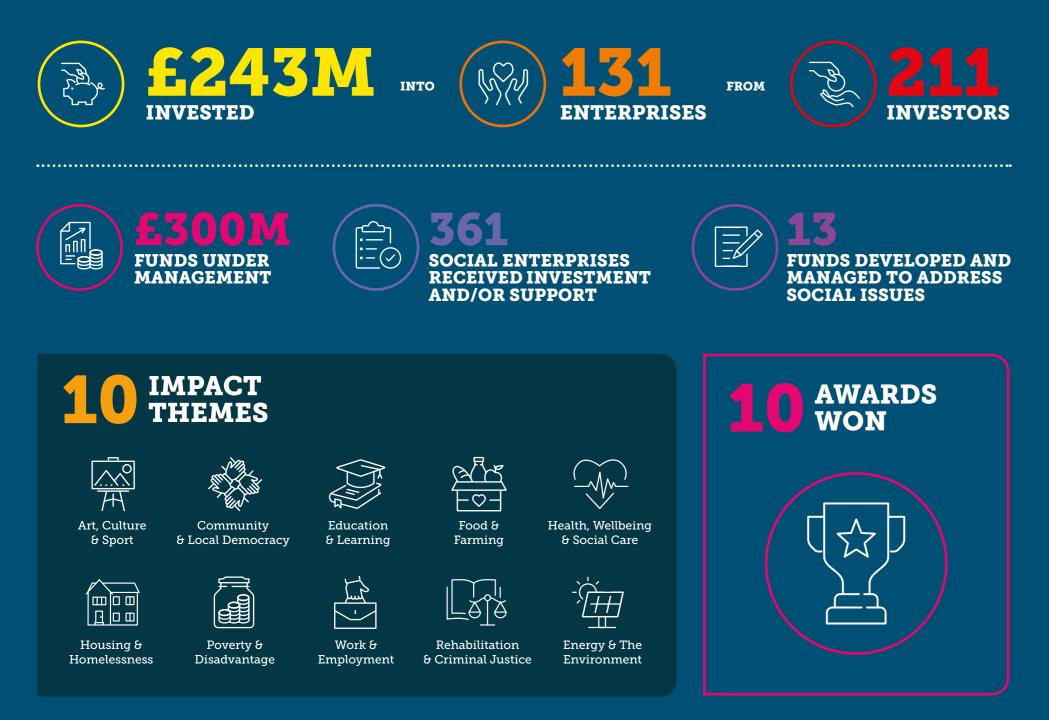
## TWENTY YEARS OF IMPACT



"RESONANCE DEMONSTRATES HOW CAPITAL CAN BETTER SERVE PEOPLE AND THE COMMUNITIES, AND TO BE THE BRIDGE THAT BETTER CONNECTS THAT CAPITAL INTO A MORE USEABLE AND EFFECTIVE FORM."

NICK TEMPLE, SIB

## **4 TWENTY YEARS OF IMPACT**



#### PLEASE NOTE:

1. The number of enterprises and investors at the top of this page and at the top of page 32, are the number of individual enterprises and investors that we have worked with. It excludes any repeat investments into the same enterprises, or the number of repeat investments made by individual investors. It also does not include every individual in a community share offer. All other data in these impact pages, referring to investments made by number of investors per year, will include repeat investments and investors and individuals into a community share offer.

2. All data reported is up to date to 31st December 2021. This means that every year recorded is the financial year 1 Apr to 31 Mar, but the final year 2021 is reporting 1 Apr 2020 to 31 Dec 2021.





## IMPACT PROPERTY FUNDS

## 🎘 7 FUNDS

LIFE CHANGING HOMES AND SOLUTIONS FOR PEOPLE FACING CRISIS



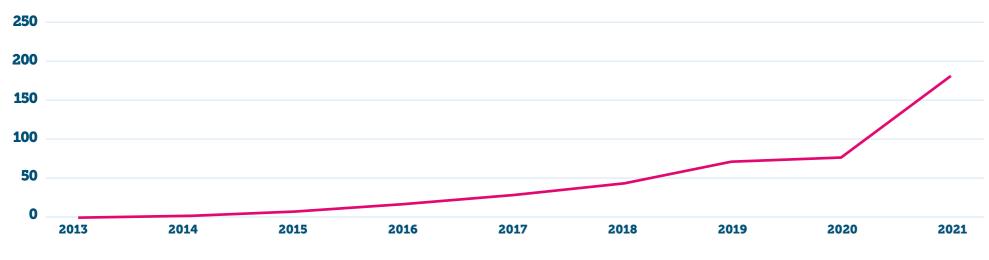
## **HOW WE GOT THERE**

## **£243M** invested

#### NUMBER OF INVESTEE ENTERPRISES & AMOUNT INVESTED (CUMULATIVE)



#### **REPEAT INVESTORS (CUMULATIVE) NUMBERS HAVE STEADILY GROWN OVER THE YEARS**



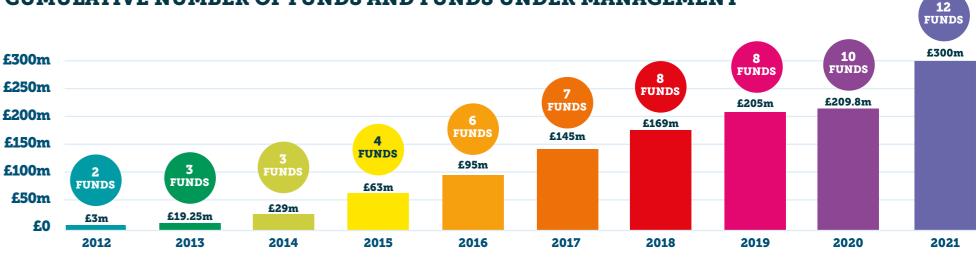
#### PLEASE NOTE:

1. Data for amounts invested into investee enterprises starts in 2007, as that was the year Resonance made its first major investment. Prior to that Daniel was supporting enterprises to develop their business models, see how they could scale up and prepare for investment.

2. Data for funds under management and numbers of investors starts in 2012, as that is the year that the first funds were launched.



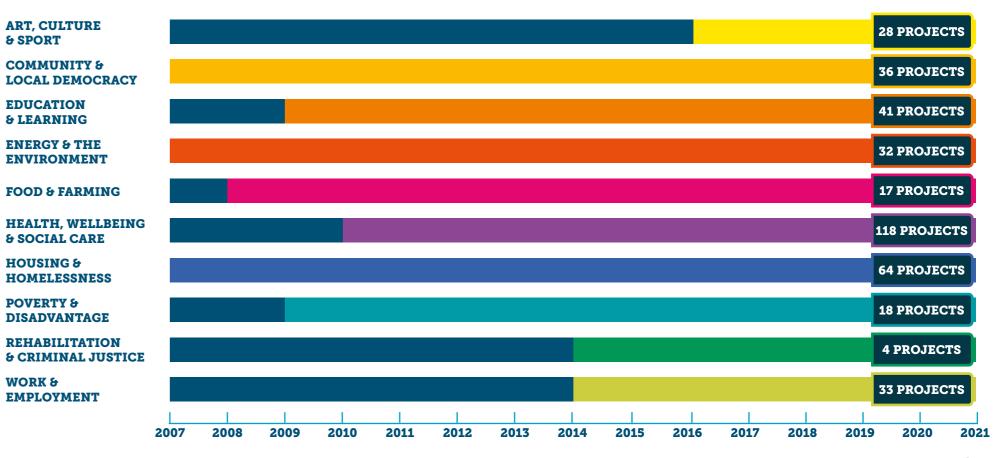
#### CUMULATIVE NUMBER OF FUNDS AND FUNDS UNDER MANAGEMENT



PLEASE NOTE:

Resonance has designed/managed 13 funds in the 20 years. The Community Share Underwriting Fund exited in 2020.

## **10** IMPACT THEMES



## **DELIVERING SAFE AND AFFORDABLE HOMES** IMPACT PROPERTY FUNDS

Since 2013 our impact property funds have delivered homes for people who were either homeless or inappropriately housed in temporary accommodation such as bed and breakfasts or hostels. We have also extended the successful formula to addressing the gender inequality challenges faced by women, including women fleeing domestic abuse and leaving prison, and supported homes in the community for people with learning disabilities and autism.



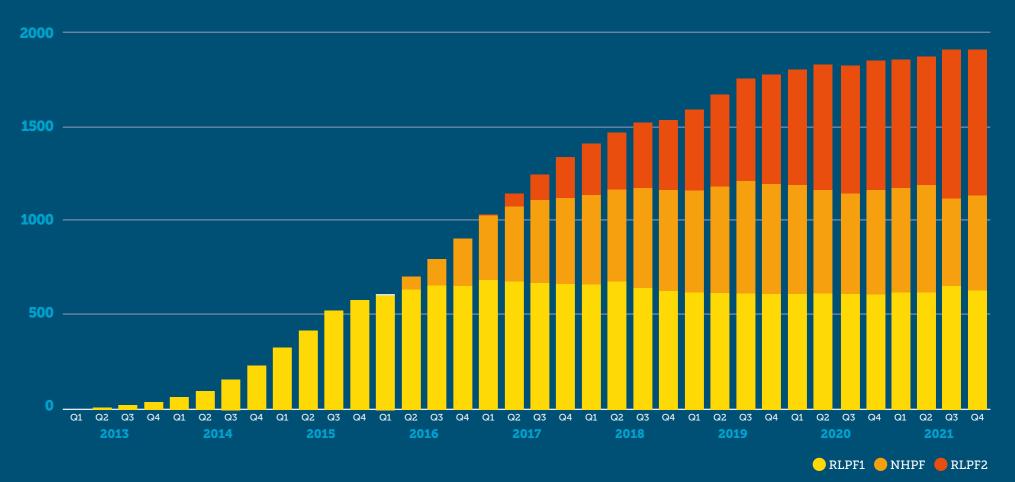




.....

## **79%** OF FUND'S HOUSEHOLDS HAVE CHILDREN LIVING IN THEM

#### NUMBERS OF PEOPLE HOUSED IN THE FIRST THREE HOMELESSNESS PROPERTY FUNDS



ENGAGING AND SUPPORTING COMMUNITY GROUPS TO DELIVER THE LOCAL, AFFORDABLE HOMES THEY NEED

## **DELIVERING SAFE AND AFFORDABLE HOMES** IMPACT LABS: DEVELOPING COMMUNITIES

Since 2012 our Developing Communities Team has been working to make communities more resilient. Part of their work is community asset funds. The Affordable Homes Rental Fund worked with community groups to provide homes for people who couldn't afford to live in the communities in which they work or have families.

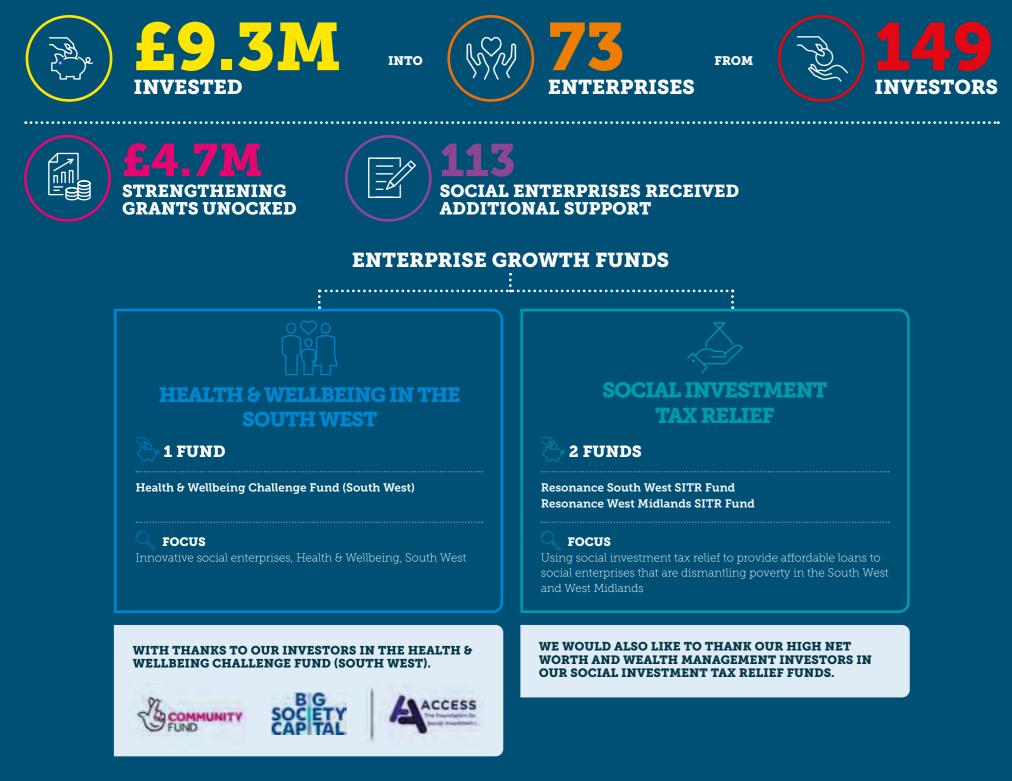




## **SCALING SUSTAINABLE SOLUTIONS**

#### **IMPACT LABS: GROWING ENTERPRISES**

The Growing Enterprises team typically focuses on operational social enterprises - helping to support and strengthen them. This could be helping them to get the affordable and flexible investment they need to grow, and to deliver more impact with our enterprise growth funds. Or it could be assisting with grant programmes, consultancy or even deal arranging.



"THE SOUTH WEST SITR FUND HAS INVESTED IN A WIDE RANGE OF SOCIAL ENTERPRISES AND BUSINESSES, AND A HUGE AMOUNT HAS BEEN ACHIEVED OVER THE LAST FIVE OR SIX YEARS." ANDY STREET, INVESTOR















**RESONANCE PARTICULARLY FOCUSES ON AREAS** WITH HIGH LEVELS OF **POVERTY, INEQUALITY AND UNAFFORDABLE RENT LEVELS.** 

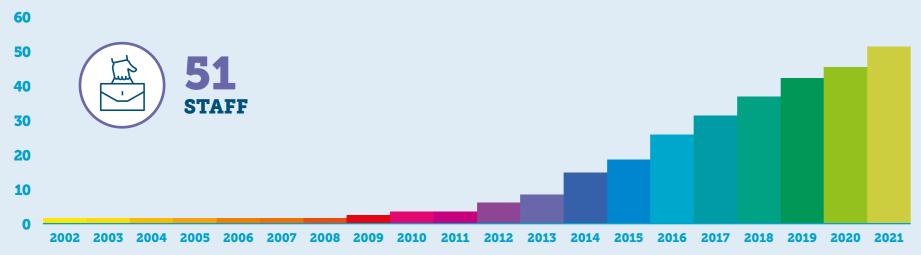
DELRID

## WE COULDN'T HAVE DONE IT WITHOUT YOU

We couldn't have achieved as much as we have without the efforts, the commitment, the tenacity and the talent of our wonderful team. Over the last few years that team has really grown – we are now over fifty and there are even more of us, with our group of talented associates and suppliers who support us.

We have such a broad range of skills and experience and each member of the team brings the energy and the commitment that makes Resonance what it is.

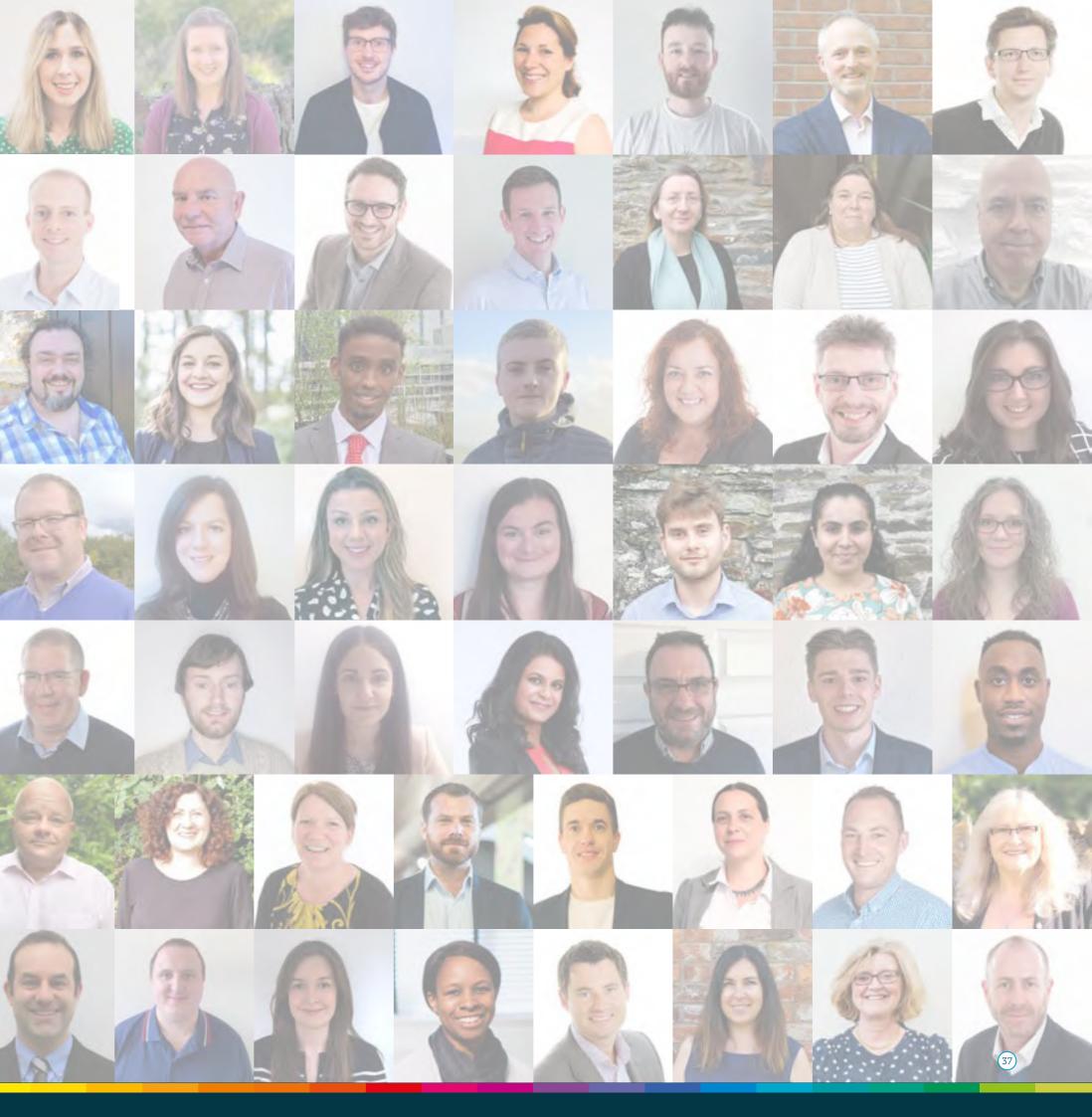
#### **NUMBER OF STAFF**



"NO TWO YEARS HAVE BEEN THE SAME AT RESONANCE. I'VE LEARNT SO MUCH BEING PART OF A TEAM COMMITTED TO FINDING NEW SOLUTIONS TO ENABLE INVESTMENT FOR IMPACT. FROM THE HUNDREDS OF SOCIAL ENTERPRISES WE'VE SEEN FLOURISH, TO THE RANGE OF INVESTORS CHANGING THE WAY THEY INVEST, IT'S BEEN A JOY TO BE PART OF THE RESONANCE JOURNEY."

**GRACE ENGLAND** 

"RESONANCE IS THE MOST REWARDING PLACE I'VE EVER WORKED. EVERYDAY YOU FEEL YOU ARE MAKING A REAL DIFFERENCE TO HELPING TACKLE SOME OF SOCIETY'S BIGGEST ISSUES. YOU ALWAYS FEEL PART OF SOMETHING BIGGER AND PART OF A TEAM ALL PULLING IN THE SAME DIRECTION." PAUL HANDFORD



## **SUSTAINABLE DEVELOPMENT GOALS**

In 2015 the '2030 Agenda for Sustainable Development' was implemented by all UN Member States. This agenda was comprised of 17 Sustainable Development Goals (SDGs). Since their adoption in 2015, Resonance's funds have contributed towards 12 of these 17 goals across a number of our impact themes outlined on page 27. Here are a few examples of how our work has met with the goals.

.....



- Resonance has invested in 18 projects with the impact theme poverty and disadvantage.
- Our Affordable Homes Rental Fund has worked with community groups to build homes rented at affordable rates, often below 80% of those in the open market
- Our homelessness property funds have delivered 1,000 safe and affordable homes with housing partners, housing 2851 people
- Our social investment tax relief funds focused on investing into social enterprises that were deliberately working to dismantle poverty in areas of deprivation



- Our Health & Wellbeing Challenge Fund has invested £3.8m into 41 innovative social enterprises working in the health and wellbeing sector
- Resonance South West SITR Fund invested into Street Impact Bristol to help improve prospects for 125 rough sleepers
- Resonance has invested in 118 projects with the impact theme health, wellbeing and social care



- Resonance has invested in 41 projects with the impact theme education and learning
- For example, BeyondAutism, Stockwood CBS, The Wildings (MiMe Heuristics), Belong Learning, Apricot Learning Online and many others
- Resonance South West SITR Fund invested into Bristol Braille Technology CIC, to help improve educational prospects for blind people



- Our Women In Safe Homes Fund, launched in 2020, addresses the gender inequality challenges faced by women leading to homelessness including those fleeing domestic abuse and leaving prison. It is believed to be the world's first gender-lens fund, which over its lifetime aims to provide 650+ homes for over 6,000 women
- The Women In Safe Homes Fund has appointed an all-women Senior Board of Advisors, which includes representatives of the women's sector and women with lived experience of multiple disadvantage

#### 7 AFFORDABLE AND CLEAN ENERGY



- Resonance has invested in 32 projects with the impact theme energy and the environment
- Our Community Share Underwriting Fund invested in 12 renewable energy projects: 2 hydro electric, 7 solar array, 1 wood fuelled biomass boiler and 2 wind turbines
- In 2016, £600k was approved by the Community Share Underwriting Fund, for investment into Chelwood Community Energy's solar farm. This 45-acre site generates enough renewable energy to power 1,100 homes for 25 years

#### 8 DECENT WORK AND ECONOMIC GROWTH



- Resonance has invested in 33 projects with the impact theme work and employment
- Resonance has invested in many social enterprises helping to get people back into work and give them the necessary skills such as Jericho, Skill Mill, Somerset Wood, Sofab Sports and many others
- The Skill Mill provides meaningful employment opportunities for ex-young offenders resulting in much lower reoffending rates



• Resonance's homelessness property funds are award winning and innovative, with the ability to be replicated regionally and across different tenant needs on a scaleable basis. They have given housing charity partners access to much needed property, more than they would have been able to access themselves



- The Resonance South West SITR Fund invested £280,000 into Sofab Sports, a social enterprise which creates employment opportunities for adults with physical and learning disabilities. Nationally only 5.1% of people with a learning disability aged 18-65 are in paid employment
- Resonance Supported Homes Fund and Mustard Seed Property are both focused on providing forever homes for people with learning disability and/or autism who are currently living in inappropriate housing
- Resonance has invested in 18 projects with the impact theme poverty and disadvantage



- Resonance has invested in 36 projects with the impact theme community and local democracy and 64 projects in housing and homelessness
- The National Homeless Property Fund 1, (NHPF1) launched in 2015, aiming to tackle homelessness in Bristol, Milton Keynes and Oxford. The Fund purchased 229 properties and housed nearly 600 people before NHPF2 launched in 2020, with the initial aim of tackling homelessness in Greater Manchester, before expanding into other regions, as it is now

2 RESPONSIBLE CONSUMPTION AND PRODUCTION



- The Resonance South West SITR Fund invested a total of £149,000 into Somerset Wood, a company that not only offers work-based training to people who have been out of work for a long time but also creates recycled products, contributing to a more sustainable local economy
- Resonance Community Share Underwriting Fund invested a total of £5.1m into renewable energy projects
- Resonance has invested in 32 projects with the impact theme energy and the environment



- Resonance has invested in 4 projects with an impact theme of rehabilitation and criminal justice and 36 projects relating to community and local democracy
- In 2020, Resonance's Women In Safe Homes Fund partnered with national social justice charity Nacro with the aim of housing women leaving the criminal justice system. In 2021, the Resonance Everyone in Fund partnered with Nacro with the goal of reducing rough sleeping figures in London

#### 7 PARTNERSHIPS FOR THE GOALS



- Resonance now has partnerships with 20 like-minded organisations, working collaboratively towards the shared goal of ending homelessness
- Collaborating with impact sector peers, Resonance invested £3.2m into 120 social enterprises that needed capital to keep critical services running following the pandemic

39

## AWARDS & ACCREDITATIONS

Resonance has won ten awards for our social impact deals and funds. We have also been shortlisted and highly commended for many others over the years. Resonance is also proud to be a recognised B Corp and for having achieved the Social Enterprise Mark.













Newcomer of the Year

Winner 2015













un ra

SHORTUSTED FOR IMPACT MANAGER OF THE YEAR























#### **PROUD TO BE A B CORP**



All the organisations in the B Corp community have been through the B Corp certification process to ensure that they meet the highest standard of verified social and environmental performance, public transparency and legal accountability, and that they balance profit and purpose.

To certify as a B Corp, a company must achieve a minimum verified score of 80 points on the B Impact Assessment. The B Impact Assessment asks around 200 questions about how the day-to-day operations of a company create positive impact for the organisation's workers, community, and environment. Additionally, companies can earn further points if their overall business model can be shown to also create positive social and environmental impact, qualifying the company for specific Impact Business Model points. Scores for Certified B Corporations are verified by the non-profit B Lab.

We have just completed our recertification and improved our score, increasing it from 115 to 128.9. Whilst an improved score is some measurement of progress, the real aim is to learn and develop as a company and to fully embrace B Corp as part of our culture.

#### **B CORP SEPARATES BUSINESSES INTO FIVE KEY AREAS:**



B Corp has rated Resonance as **"Best for the World"** in two key business areas: **Governance and Customers.** Best for the World means that we are in the top 5% of companies of our size worldwide.

# **5 SHARING OUR JOURNEY**

OUR VISION IS OF A WORLD WHERE MONEY SERVES PEOPLE AND COMMUNITIES, NOT THE OTHER WAY ROUND.

"NO PRESSURE, DANIEL – BUT WE'RE RELYING ON YOU AND THE OTHER TRUE PIONEERS OF IMPACT INVESTING TO MAKE SURE THIS VISION IS REALISED."

TIM WEST, PIONEERS POST





#### 5,300 Social Enterprises in the UK - the first ever count SOCIAL ENTERPRISE MAGAZINE LAUNCHES<sup>2</sup>

#### **NICK TEMPLE** SOCIAL INVESTMENT BUSINESS

**Twenty years supporting each other as peers** Social Investment Business (SIB) also celebrates its twentieth birthday in 2022, with our origins lying in our initial social investment fund, the Adventure Capital Fund. I mention that for two reasons: firstly, that our organisation has been around as long as Resonance, growing and evolving in parallel; and secondly, because I still think the Fund is the most

appropriately named for our work – seeing as it has often been as much an adventure into the unknown or uncharted as it has been about venture capital. I also believe it captures some of the spirit that Resonance has brought to social investment: a willingness to try new things, an openness to the successes and failures (and learnings) of such work, and an undoubted commitment to using the resources they have for good.

#### Social Investment Forum

While SIB and Resonance have known each other since the earliest days, I came to know Daniel through chairing the Social Investment Forum in my time at Social Enterprise UK – and subsequently to know Simon, Grace, Ollie and other members of the team. What became clear to me very rapidly is that they were all extremely open to contributing, supporting others, acting as peers not competitors, and pushing the field of social investment onwards. When I joined SIB, Daniel was similarly hugely helpful and supportive to me personally as I got my bearings.

As a result, we have built a strong working relationship, personally and organisationally. That meant that when COVID-19 struck, Daniel was one of the first people I emailed to see what social investors could do to support charities and social enterprises in the pandemic, and to support each other. Daniel helpfully contributed to weekly, then fortnightly calls with social investment peers – with trademark candour and honesty; and Resonance went on to become one of the delivery partners on the Resilience & Recovery Loan Fund, working directly with us at SIB to directly support the social economy in a great time of need.

#### Making a tangible difference to people's lives and the wider social investment market

On this and other projects, there is no doubt in my mind that Resonance has made a really tangible difference – not only to the charities and social enterprises they have supported, and the people whose lives have changed as a result, but also to the wider social investment market. For example, it's difficult to imagine that Big Society Capital and Access would exist in their current form if it weren't for the likes of Resonance and SIB and others demonstrating what was possible for the decade beforehand. And they've played a substantive role in ensuring that tax reliefs for social investment and the investment of pension funds have been high up the policy agenda.

Resonance has also charted a practical path for others to follow: whether it's the Homelessness Property Funds, the Women In Safe Homes fund or their SITR funds, the organisation has shown what is possible in different parts of the landscape. Equally, in less high-profile areas of their work, such as community share underwriting or community asset-building, where there is much to admire and emulate. We aspire at SIB to similar levels of innovation and risk appetite over time.

#### Under the radar alchemy

Through all of this work, Resonance has demonstrated an unwavering commitment to demonstrating how capital can better serve people and the communities they live and work in, and to be the bridge that better connects (and translates) that capital into a more useable and effective form. When done with integrity and openness, this is part of the under-the-radar alchemy that social investment work can bring: matching enterprises with investors that share their values, that back their mission, and can provide money in the right form for the impact we both want to see. That's what Resonance does at its best, and it's why we are proud to work with them and hope to do so for many years to come.

#### **IN THE NEWS...**

- The Euro is officially introduced in the Eurozone countries
- The Queen celebrates her Golden Jubilee
- NASA's 2001 Mars Odyssey space probe begins to map the surface of Mars
- Ronaldo makes his debut for Manchester United
- The UK records temperature of 38.5C, the highest ever recorded since records began
- 393 tornadoes reported in the US

\*When measured after housing costs.

Source

1. House of Commons Work & Pensions Committee - Child Poverty in the UK  $\,$  2. The Guardian 2013

(44)



#### MATT SMITH THE KEY FUND

#### Twenty years ago

Daniel and I first met, probably all of those twenty years ago, when we were working with a development organisation trying to enable community owned hydro projects. It was a tough one, given the fact that although the technology of an Archimedean Screw was ancient, the application on old industrial weirs was relatively new and a lot of the key metrics were still untested.

It was really interesting, as I think we were both trying to convince each other to some extent, whilst I was also trying to convince the Key Fund panel at that time, and both of us also trying to bring in other investors. We had a particularly interesting time with one foundation, and I remember long conversations between Daniel and me as we worked through the numbers. We ended up investing in quite a few schemes and although the development organisation is no more, the sites have worked, even if a little slower than originally anticipated. In fact, the first one, at Settle, has helped to instigate a significant amount of further community activity.

#### The relationship has grown into a true partnership

The relationship has grown over the years, as Resonance has developed, to one of true partnership with us. We have co-investments, but have also worked on a number of programmes together, not least the Social Enterprise Support Fund. We admire the work of Resonance, particularly around innovation in housing and use of Social Investment Tax Relief. The Resonance team always seems to be developing new and interesting interventions.

Resonance has and continues to have a profound impact on a number of organisations helping them to scale their trading activity and impact with thoughtful support and tailored funding structures. I believe that the sector is likely to grow over the next few years, and I anticipate even more collaboration as the industry matures. I have faith that Resonance will continue to innovate and develop new solutions.

#### **IN THE NEWS...**

- Facebook launches
- NATO and the European Union incorporate most of the former Eastern Bloc
- An earthquake causes tsunamis in the Indian Ocean killing nearly 250,000 people

Source:

3. UK Housing Review 2018 - Homeless households in temporary accommodation in England



"AND THEN THERE IS THE RELIEF THAT YOU ARE NOT ON YOU AND YOU AND YOU AND YOU AND YOU AND YOU YOU AND YOU

**DANIEL BREWER** 





2006 11.4M PEOPLE living in poverty in the UK\*<sup>5</sup>

#### **IN THE NEWS...**

- YouTube comes online in February
- National minimum wage increases from £4.85 to £5.05
- Hurricane Katrina causes devastation in New Orleans

#### **IN THE NEWS...**

- WikiLeaks launches
- Ellen Johnson Sirleaf becomes President of Liberia Africa's first elected female head of state
- Daniel Craig makes his debut as James Bond in Casino Royale

**RESONANCE AND THE BREWER** FAMILY MOVE TO CORNWALL **FOLLOWING THE CHARITY BANK PROJECT, AS MANY OF RESONANCE'S CLIENTS NOW CORNWALL BASED.** 

 Greater London Authority Economics - A reviev
 IFS Report Poverty & Inequality in Britain: 2006 4. Greater London Authority Econc

46



#### **TIM WEST PIONEERS POST**

#### We were both beginning our adventures in how to change the world

I first met Daniel at a social enterprise event in the early noughties when we were both just beginning our adventures in how to change the world.



The Blair Brown government had set up the first Social Investment Taskforce in 2000 to look at "How

entrepreneurial practices could be applied to obtain higher social and financial returns... and to unleash new sources of private and institutional investment". It had also launched a Social Enterprise Unit to explore and champion new forms of business trading with a 'triple bottom line'.

I'd been working as a journalist covering subjects such as social housing, economic regeneration and corporate responsibility and had met a series of people running things called 'social enterprises'. These were not projects or fundraising charities - but trading ventures creating income to address social and environmental challenges in their communities. The people running them were different: they were innovative, they networked, they took risks, they were 'social entrepreneurs'. So I took a risk too and in partnership with some publisher friends and a social entrepreneurs' network I launched Social Enterprise Magazine (now Pioneers Post). It began as a monthly, printed newsletter sent to 1,000 people. We also ran events - two of our first conferences were about very obscure topics: 'Procurement' and 'Social Value' (plus ça change).

#### "Social enterprise" - just a 'niche' New Labour fad?

Despite all the excitement around social enterprise and investment, however, both Resonance and Social Enterprise Magazine were a bit too early. Nobody really 'got it' at that point. I recall the then CEO of the National Council for Voluntary Organisations, Sir Stuart Etherington, telling me social enterprise was just a 'niche' New Labour fad. A small social policy firework which, like a firecracker clamped between the buttocks of a football fan, would be a pleasing spectacle for a few seconds but would soon burn out and leave charities to get on with the proper work in the premier league of social change. Of course, twenty years later and there are hundreds of thousands of social enterprises generating billions of pounds to solve the big challenges of society and the planet, and the global impact investing market is now more than \$1 trillion. Resonance manages more than £300 million and Pioneers Post has a global audience of more than 200.000.

I've had the pleasure of working with Daniel at various points during this journey. When we started running events like Good Deals (the annual UK social investment conference) Daniel was a regular speaker and a 'dragon' in our Dragon's Den-style pitching sessions. He also invited me down to the Resonance 'shop' in Launceston to talk about marketing, and our creative agency worked on an early website redesign and some broader communications. I've been checking the Pioneers Post archives and Resonance is mentioned in 89 stories. These track quite a pioneering journey: from small beginnings in east London with £50,000 start-up investment, to £50 million from Big Society Capital plus much more from local authorities and foundations. In 2014, Resonance pioneered social investment tax relief in Bristol; in 2019 Resonance won our Good Deal of the Decade Award for £200m funds created with St Mungo's homelessness charity. We also covered their launch of the world's first property fund with a gender focus, supporting women experiencing homelessness or who are survivors of domestic abuse.

In 2019, we were asked to work with Daniel and other UK social investment leaders to produce an event called The Gathering – essentially a chance for the sector to take a 'warts and all' look in the mirror, challenge itself on how to grow and work more collaboratively. An event founder, Daniel was one of seven on the steering group. Though sometimes like herding cats, they were single minded in their mission to make the event meaningful, useful and authentic. Daniel was persuaded to step into the limelight for a brief but impressive double act with Danyal Sattar (CEO of Big Issue Invest) in 'The Dan Show' – in which the audience of 150 sector leaders was made to consider (and vote on) some big questions about their future: Have the 'sharks' in mainstream investment already claimed impact investing? Will social investment get 'Ubered' by technology? Is our addition to debt finance making us weaker?

#### Focus on the heart of the matter

Daniel has always struck me as a bit of a secret social entrepreneur. Very unlike the alpha types who often seem to dominate the impact world. He's a kind of Clark Kent of impact investing - mild-mannered, softly spoken but with a hidden strength of will and clarity of purpose that is a real superpower. An engineer who ditched an early career in food manufacturing to become an expert in poverty; a finance CEO who has grown one of the UK's most important impact investment firms without having had any previous finance experience. Oh, and he did it while choosing to escape the rat race to seek "a balanced guality of life" (as he told us in a Pioneers Post interview a few years ago) with his family in a small market town in Cornwall

There's a hint of Victor Meldrew or Basil Fawlty in Daniel too - not in the misanthropic sense at all but more of a grumpiness or impatience – even an anger perhaps – at the injustices he sees in society. When I've asked Daniel about his work, his answers are shaped firmly around serving the needs of individuals and communities; his focus not on the clever innovations of his latest fund but on the issues at the heart of the matter. Sure it helps to be clever (and Daniel clearly is) but it seems to me that Resonance's success – and therefore its impact – is more about 'thoughtfulness' in its fullest sense: combining intelligent thinking and commitment to mission to create innovative solutions to very challenging problems.

Daniel has clearly also got an excellent team working with him, and he's had some fine mentors; you need special gualities to grow and lead a successful team, and to persuade others with different talents and shared values to help you steer the right course.

#### What of the future?

There's a school of thought that says the issues social investors are addressing are so complex and offer such small margins that only a few can reach the scale necessary to sustain themselves. If so then Resonance seems well positioned. I was speaking recently to another successful social entrepreneur working at the most challenging end of the social housing and homelessness sector and he said Resonance was the organisation he rated most highly (and watched most closely as a 'competitor'). There's another school that believes mainstream investors have already stolen the clothes of impact and will take all the big opportunities for themselves. This is a challenge that Daniel and his team are surely thinking about.

As he once told Pioneers Post: "Our vision is of a world where money serves people and communities, not the other way round." No pressure, Daniel - but we're relying on you and the other true pioneers of impact investing to make sure this vision is realised.

(47)





DEAL: MUSTARD SEED PROPERTY First property acquired, to house vulnerable people with

## "SUPPORT PEOPLE" BUDGET (key funding supporting homeless people) is reduced by

the Treasury, which is pressing for further reductions

#### **RESONANCE KEY MILESTONES**

learning disabilities

#### AST DEALS

- Mustard Seed Property first property purchased
- This was Resonance's **first deal of magnitude**. It contributed to the development of both the Community Share Underwriting Fund (first time bespoke underwriting deal) and the Real Lettings Property Fund (leasing property into a charity partner that needed more space).

#### en la **COMMUNITY-LED**

Bob Paterson and Daniel start working together on community-led projects

#### **IN THE NEWS...**

- Start of the world-wide financial crisis
- Twitter launches
- Gordon Brown becomes PM of the UK
- Gerry Adams, the leader of Sinn Fein, and Rev. Ian Paisley, the head of the Democratic Unionist Party, meet face-to-face for the first time and hash out an agreement for a power-sharing government



#### 61% OF LONDON HOUSEHOLDS

in temporary accommodation, have spent over a year without a secure home<sup>7</sup>

#### WIDESPREAD REDUNDANCIES

sends unemployment rocketing as the financial crisis starts to bite

#### **ANDY SCHOFIELD CURIOSITY SOCIETY**

#### A meeting of minds

I first met Daniel in a coffee shop near Liverpool Street about fifteen years ago. We were introduced by John Kuhrt (thank you, John!) because I was part of a team developing a tool to help measure social impact. With the growth of social enterprise, it had become critical to find a way to really measure impact being delivered. Social enterprises were growing in number, but how

could they successfully measure if they were delivering on their aims and making the change they wanted to see. I was also interested in social investment, without knowing very much about it, so talking to Daniel was appealing. I wasn't aware of many people practising social investment in 2007.

After a few more conversations and coffees, we saw we had similar aims and complementary practices, so both began joining in with what we were each doing. This led to me trying out the social impact tool - the Transformational Index (TI) – firstly with one of Resonance's start up social enterprise clients and then, in quick succession, on Resonance. The TI works in a workshop format, where members of an organisation examine what matters most to their organisation and the change it wants to see in the world. These were only the fourth and fifth times we'd used the tool and Daniel's enthusiasm gave myself and the rest of the team a huge boost. This led to me acting as an early associate of Resonance on over twenty projects. One notable bit of business planning was for Resonance itself, as it sought investment from NESTA. There's a trace of pride on my part, although a greater factor might have been that Daniel just needed someone to talk to other than Rebecca!

#### Working together

The relationship with Resonance developed as the team grew and Resonance's needs changed. There were two main ways this showed up. The first was the shift to starting funds: something of a sea change, with their potential to increase resources and impact, and work with more charities and social enterprises. The idea was that work with individual ventures served as the research and development that enabled Resonance to spot where a fund was the right vehicle. I remember a 2012 workshop describing the planned social impact of a proposed property fund with Broadway (now St Mungo's), before Resonance launched its first Homelessness Property Fund. This, and other funds, triggered much of Resonance's growth in terms of assets under management and its staff, with the need to report on the impact of Resonance's funds, in line with the transformation that they sought, becoming a major feature of our work with Resonance. The shift to funds led to a corresponding focus for us in going deeper on fewer projects, compared to the earlier days of our work together. The second shift was a move from working as associates of Resonance to a model of partnership. I was part of the team developing a consultancy co-operative, where the Transformational Index was part of what we offered. Alongside an increasing volume of learning and evaluation work, we have also tried to build Resonance's capacity and capability around impact. This has included training and licensing tools that we have developed, so Resonance can deploy them directly through its own staff, developing Resonance's own systems for impact measurement and management, and moments of reflection, for example at team days, so that impact remains a strong part of Resonance's culture as it grows. Interestingly, much of what we offer through the Curiosity Society (now a charity) is working as a learning partner, and this includes elements of evaluation and capacity building. Resonance was a hugely important testbed for us and I hope that we can continue to bring innovations from other areas of our work back to Resonance.



#### Making impact investment popular

In terms of the impact that Resonance has made, I feel that Resonance has been part of a popularisation and coming of age of impact investment. Within this, Daniel and the organisation have been both innovator and spokesperson. I'm reminded of the adage that people who say something can't be done should not interrupt the person doing it. I have hung on to an early description of Daniel's, that Resonance is a campaign wrapped in a business. At the heart of this, in my opinion, is thinking differently about money and meaning.

This includes the sense of possibility about what it can achieve when it is directed well. And fundamental to this is the integrity and relational nature of money, described as "entrustment" in Resonance's Model of Transformation. What this means is that money should be enabling and not controlling. Instead, it needs to be entrusted to an investee organisation to serve a purpose: the social good that they are seeking to achieve. Whilst Resonance has good advice to share with enterprises, it is the enterprises that have the mission, and Resonance that seeks to accelerate it. It feels to me so important to hang onto this with money. Daniel and people he has attracted to the organisation, understand themselves as stewards of the money, but that stewardship is as much to society as to investors. With this ethos, Resonance has supported much social good. It's a real pleasure for me to see Sunflowers Care Limited apparently going strong ten years on. They were one of the ventures that I worked with on impact and an investment prospectus. Their mission is to provide a home from home for children with complex health needs and the founders are terrific - exactly the people you'd want alongside you and your kids in those circumstances. BeyondAutism is another Resonance client where the impact on children with autism and their families is very tangible, and it's a long-term relationship where both organisations have grown. Resonance should be proud of its role as contributor, enabler and accelerator - remembering that it's the social enterprises and their staff without whom there would be no impact.

#### Keep leading, shaping and govern

Looking to the future, I think that greater resources need handling with greater care. As social investment grows, the relational distance increases between investor, investee and community. A small social enterprise that knows its clients by name is different to a large one; and for Resonance as an intermediary, along with many others in the sector, it risks being further away from the impact on people and communities, paradoxically as a result of intended growth. I'm excited about the moves that Resonance is making to look at lived experience and recognising this at a senior level in fund structure, as the Women In Safe Homes fund does. I see similar potential in the Homelessness Property Funds, to find deeper ways of involving tenants not just in feedback but also in developing ideas and making decisions. I think these practices need to become more widespread. I'd love to see the sector asking how the voice of beneficiaries shapes the direction of funds, of deals, to make sure that investment is genuinely serving its purpose.

For Resonance, the years have bestowed credibility and the benefits of experience. My hope is that it can leverage these not just to grow as a social impact investment company, but to lead, shape and create in this space. Apart from the voice of lived experience in governance, the other element that I would like to see more of is Resonance thinking and acting systemically, bringing together enterprises, investors, government bodies, and people in the services to understand and influence the systems of which they are all part. I've seen hints of this catalytic function in the Homelessness Property Funds, where stakeholders understand the challenges of the housing system, but they could move further towards collective action, with Resonance's support. These green shoots show Resonance is learning and adapting. I'd love to see Resonance as a front runner pushing new practices that stretch social investment as a whole, hopefully for vears to come. (49)





#### CALCULATIONS FOR ROUGH SLEEPING FIGURES IN THE UK WERE CHANGED\*

This changed the numbers considerably, so we are reporting from this point onwards.

#### **RESONANCE KEY MILESTONES**

#### **JOINT VENTURE**

• Sponsored by the Cabinet Office, Resonance partners with a couple of intermediaries as a joint venture called Equity Plus, to look at angel investing

#### KNOWLEDGE TRANSFER

• First 'Good Deals' Conference from Social Enterprise Magazine is held at LSO St Luke's. Daniel was one of the speakers. Karen Sorab from BeyondAutism and Daniel meet for the first time.

#### 📨 PILOT DEAL

• **COCHABAMBA:** The learnings from this deal contributed to the development of the Community Share Underwriting Fund that would eventually be launched in 2012.

#### **IN THE NEWS...**

- Stock markets plunge and the great recession begins
- Barack Obama is elected to become the first black President of the United States
- Cuban president Fidel Castro permanently steps down after 49 years in power

#### DANYAL SATTAR BIG ISSUE INVEST

I've been around this space for a long time now – coming onto three decades. I'd started out working for a little think tank, as it was then, New Economics Foundation. We were out there to change the economic system and get more in line with the planet. That need has not changed. After five years it was time to move on and I followed people who were looking to move money more directly to support the causes and changes



we sought. Tessa Tennant was chairing UK Sustainable Investment Forum and Pat Conaty, setting up Aston Reinvestment Trust (ART).

#### How do you replicate it?

That was my first connection to Resonance, though I did not know it at the time. As Steve Walker, Pat Conaty and many others were getting ART going, and I was making my first loan assessments of my career, along came Bob Paterson. Bob looked at what we were doing at ART and asked us what we were doing to replicate it. We all probably looked a bit fraught at that prospect. We hadn't even got ART going yet at that point, and here was someone asking us about our replication plans. Bob, irrepressibly, with all our support and good wishes, took on the replication job, and rolled out a number of early replication community development finance institutions. Bob also got the community land trust bug from Pat, who brought the concept across from the States and promoted it. Bob got on with replication and set up Community Land & Finance (CAF) as a vehicle to take this forward.

Years on, Bob Paterson and Daniel Brewer merged their efforts, and put them under Daniel's organisation, Resonance. That is when I first really got into contact with Daniel. By this time, I'd spent a bit of time working on the continent, and back to work for Malcolm Hayday in the early days of CAF's Investors in Society which converted into Charity Bank. I moved across to a funder, Esmée Fairbairn Foundation, and up popped Daniel Brewer and Resonance.

#### This was a classic financing solution

Daniel was on that journey – he'd raised some initial investment funding, to buy property for people with learning disabilities, in a project called Mustard Seed Property and was looking for a more coherent solution. Could a community development financial institution (CDFI) or a Fund, be set up to do the job? Over the years at Esmée, we were lucky enough to invest in a good few things Daniel and Resonance came up with. While the big ones were the Real Lettings Property Funds, which we backed, the one I liked the most I think, was the Community Shares Underwriting Fund. It was a great idea. Community share issues are when a local community forms a cooperative for the benefit of the community and issues shares to fund a local project. It might be buying the local pub, or reviving a long discussed weir into a micro-hydro scheme, or putting solar panels on school roofs. Gradually, a pattern emerged. Get to 65%-75% of the say, £500,000 needed, and you find the project almost always raises the full amount and is successful. It just takes as much time to do the final quarter or third as it did the majority of the funding. And in the meantime, the project cost may increase. This was a classic financing solution - lend the money on slightly more expensive terms than the share issue itself, to incentivise continued share raising, and allow the project to go ahead now. Typically, that's all that is needed to get the last few investors over the line - the certainty that the project would actually happen. "It will never happen – but if it does, I'll put my money in" – and the Community Shares Underwriting Fund solved that problem. A number of foundations, and then Big Society Capital came in.



#### **TH** cuts dow

#### THE BANK OF ENGLAND

cuts its base interest rate to 1.5% amid the global economic downturn, the lowest it has been in the bank's 300-year history

#### THE INTERNATIONAL MONETARY FUND

projects that the UK economy will shrink by 2.8% in the forthcoming year, the biggest drop in any advanced nation

#### "Daniel Brewer Clauses"

It was around that time that Resonance was developing the Real Lettings Property fund concept and another key person in our sector had an influence, Stephen Lloyd. He was at that time, managing partner at Bates Wells (Bates Wells Braithwaite as it was at that time). I was looking at the Community Share Underwriting Fund, and I ran it past Bates Wells for legal advice. Set up something called "fund" and attract multiple investors and make multiple investments and well, it's either the FCA or the PRA as a regulator and better make sure it is one or the other! So time for a bit of legal advice, I thought. I was somewhat surprised on the call, when Simon Steeden, our lawyer at Bates Wells, said "Just a moment, Danyal, I'm going to get our managing partner on the line," and Stephen joined us. Stephen was such an influential figure on the development of the legal structures that support social enterprise today. I'd known him over the years, and expected nothing but kind words for Resonance's new initiative. I got the hairdryer from Stephen - "They cannot raise money with a document like this" he thundered down the phone at me. Thanks to his intervention, as funders we worked with Resonance to make sure their documentation was just as good as anyone from the commercial world. One of the many ways Stephen Lloyd helped many of us in our sector over the years, albeit at the forceful end this time! Simon Chisholm joining Daniel Brewer was a big part of that transition.

And on the legal side, it was Resonance that led to what I called the "Daniel Brewer Clauses." Daniel and I were running through some legal documents, and as is common, there was a key person clause. "I'm not going anywhere" was Daniel's view, "Why do we need this clause?" "Well, it is there so we can have a say over your replacement, if and when that's necessary." "Why can't I have that over you," was Daniel's instant response. "If people are important, then who is on the other end of the investment from my perspective, is just as important as I am to you." Good point, I thought. We ask a lot of our investees. Not just a key person clause, but management information, accounts, impact reports, meetings. It goes on. It is a bit one way. Could we not make it more equitable?

I asked our lawyers at the time, who perhaps predictably, shuddered. "What if you forget to send something to them – you'd be in breach of your investment agreement." That was rather the point, I thought, but a firm of lawyers advising us, was not going to do something so obviously in favour of the party who in commercial terms was the 'other side.' In the end, I stuck these things in the offer letter – that the investee would receive a copy of our annual report and accounts, that we'd send them an impact report on how our impact portfolio was doing overall. That they had the right to speak to me, and on request, our Finance Director. That they could ask to speak to a Trustee (but I could not guarantee that).

I cannot say that kind of offer letter endured past my tenure in that investment role, but it's the kind of thing we ought to be doing. It feels more equitable. And that is what we should be practicing. Practice it enough times, and it becomes the new normal. And perhaps, in another twenty years, we won't be having to invest in a new Resonance, or Big Issue Invest, or any other of the organisations we've had to set up and run, to put money to a better purpose.

#### **RESONANCE KEY MILESTONES**

#### **PEOPLE**

• First full-time employee, in addition to Daniel, joins Resonance

#### → ← MERGER

• Bob Paterson's organisation merged with Resonance and Bob joined the Resonance board. Bob working on the design of the Affordable Homes Rental Fund based on his experience.

#### **INNOVATIVE**

• Daniel working on the design of the Community Share Underwriting Fund based on his experience of the purchase of Mustard Seed Property and a couple of his earlier deals where he introduced an investor to get a deal over the line.

#### 🐼 PILOT DEAL

• **RED BRICK BUILDING:** The learnings from this deal contributed to the development of the Community Share Underwriting Fund that would eventually be launched in 2012.

#### **IN THE NEWS...**

- The internet is introduced to Bitcoin
- The G-20 London summit is held in response to the ongoing global financial crisis
- Sweden follows the Netherlands, Norway, Belgium and Spain to become the fifth European country to legalise same-sex marriage

51

<sup>6.</sup> GOV.UK - Live Table 600: Numbers of households on local authorities housing waiting lists by district: 2021

CE4M DEAL: BEYONDAUTISM c. £4m secured to purchase and redevelop a property into a school for 56 children with autism

## C 250K CHILDREN have autism in the UK<sup>8</sup>

#### THE FIRST AUTISM STRATEGY FOR ENGLAND

Fulfilling and Rewarding Lives, was published with the vision to ensure that 'all adults with autism are able to live fulfilling and rewarding lives within a society that accepts and understands them'

#### IN THE NEWS...

- The iPad was released and Instagram launched
- David Cameron becomes UK prime minister, forming a coalition with the Liberal Democrats
- An explosion in the Eyjafjallajökull volcano in Iceland results in a volcanic ash plume in the atmosphere over northern and central Europe

#### **RESONANCE KEY MILESTONES**

#### **CONNECTIONS**

Daniel from Resonance and Howard Sinclair from St Mungo's connected. St Mungo's had 60 landlords and 120 properties and needed more. Their first discussion was a considerable trigger towards the development of the Real Lettings Property Fund and their connection also led to Daniel meeting Simon Chisholm.

#### INNOVATIVE

The National Lottery Community Fund provided St Mungo's Broadway with a grant to pay for the development of the Real Lettings Property Fund. This was the Next Steps Programme's most successful grant. They provided £85,000 to see how much private capital could be unlocked and the fund led to investment of £57m initially - over £250m now.

## **"I THINK THE FUTURE** FOR IMPACT INVESTING **AND RESONANCE IS VERY BRIGHT**"

**KAREN SORAB** 



#### **KAREN SORAB BEYONDAUTISM**

#### Successful, but too small for commercial banks

In 2000, I founded a charity to educate children with autism and by 2008 we were running a highly successful school in South West London, for eighteen children of primary school age. We were oversubscribed with families seeking places for their children and also acutely aware of the lack of provision for those of secondary school age. We desperately wanted to expand

but we were at an impasse. We had a sound financial track record and impressive credentials, our school was judged Outstanding by Ofsted and we were considered to be innovative leaders in pioneering a new approach to educating, understanding and accepting those with special needs, especially autism.

However, we were operating out of a small, rented, rapidly aging building, our existing beneficiary numbers were low at eighteen, as an organisation we were considered too small in size to be of interest to the commercial banks and it was clear that it would takes us decades to fundraise the kind of sums we would need to expand. We needed help to get us to the next level and on 6th May 2008, at the first ever Good Deals Conference, I found that help in the shape of Daniel Brewer.

#### Speed dating for enterprises

The Good Deals event was organised by Social Enterprise Magazine (now Pioneers Post) and was the first event of its kind for both those who needed to find finance to help their social enterprise develop and grow, and those seeking to invest in innovative ideas for creating social change. Before attending this event, I knew nothing about social investment, but I learnt more in that one day than I had in the previous two years of attending every fundraising conference, workshop and training course available.

During the conference there was a "speed dating" round where investees, who signed up, were given two minutes to pitch their social enterprise to potential investors. Investees were randomly allocated to two-minute slots with four potential investors and one of the organisations I was allocated to was Resonance.

#### Help and support throughout the process

My pitch to investors was good, but we were nowhere near investment ready and this is where Dan's knowledge and expertise came to help. He helped me to secure a grant from the Adventure Capital Fund to fund our investment readiness action plan and a feasibility study into the potential costs associated with the acquisition and redevelopment of a future premises. He helped us to generate five-year cashflow forecasts predicting the likely growth of the charity and our ability to fund investment. After we found a building we thought suitable, Dan brought in the professional experts to make sure our cost projections were accurate, he secured interest from and meetings with a wide range of willing social investors.

He helped us to create an investment pitch book and he accompanied me to every investor meeting. Daniel guided us through the investment process, and he supported us when we made difficult decisions about the kind of investment that would work for our organisation. Thanks to Daniel, in 2008 we secured c. £4m in social financing and £250,000 in grant funding which we used to purchase and redevelop a property into a school for fifty-six children with autism, which we called Park House School. Daniel stayed involved throughout the construction period and was also instrumental in getting the design team to work at risk on the project until planning was granted, and the purchase completed.

#### The next stage

Once the redevelopment of our new school was complete, Daniel stayed in touch and would regularly check in to see how we were doing. The new school was thriving, very successful and full and we had outperformed every financial forecast. Before we acquired our new school in 2009 our turnover was just over £800k, by 2014 our turnover was just over £3m.

We had throughout this period continued to lease our original site on Garratt Lane and our youngest students were educated there. In 2014, we got the opportunity to acquire this site and we once again to turned to Dan to help us work out if this was the right thing to do, how much it would cost and to raise the finance.

He helped us to secure an Investment Contract Readiness Fund Grant to fund a feasibility study into the acquisition of the site, the demolition of the existing building and the proposed new build school. When the financial projects were good and the project looked viable, Dan helped us negotiate with various banks and finance houses and guided us through a complete re-finance to include additional borrowing to purchase the new site and build a new school. Thanks to Resonance we had our second school and the ability to grow again.

#### A lasting impact

Today we have two schools, both judged Outstanding, Park House (Age 4 to 11 years) and Tram House (11 to 18 years) educating 117 pupils. We also have a separate Sixth Form College, currently in rented buildings but urgently needing to find new premises, educating twenty-two pupils and three Post 19 Hubs educating thirty-one students age 19 to 25 years. We run a thriving outreach programme and a highly successful Early Years Programme, which between them reached 110 families and worked across ten Local Authorities and we run extensive training courses. Our online content was accessed and downloaded by over 3,000 people. We employ 270 staff and our annual turnover is £8.5m. We plan to extend our services nationally so that we can reach more people with autism. All of this was made possible by Resonance. Over the last twenty years Resonance has demonstrated a lasting impact on society by supporting a wide range of social enterprises and creating several successful investment vehicles to fund support for vulnerable communities.

I think the future for impact investing and Resonance is very bright. More and more investors want their money to support organisations that have verifiable environmental, social and governance impact, I think the industry will grow and Resonance will be at the forefront of that growth.





**2,181 PEOPLE** in England sleeping rough<sup>9</sup>

Value Added Tax (VAT) increases from **17.5% TO 20%** 

#### **1 IN 6 CHILDREN** in the UK is living in relative poverty<sup>10</sup>

#### **RESONANCE KEY MILESTONES**

#### INNOVATIVE

• Work continues with the development of the Community Share Underwriting Fund and the Affordable Homes Rental Fund

## PARTNERS

• Big Society Capital is founded, in order to use funds from dormant bank accounts to invest in social impact investment intermediaries

#### INVESTMENT

• Pivotal investment from NESTA, into 8 investment intermediaries to support them so they would be ready for Big Society Capital investment when it launched. NESTA was proactive so that we'd be ready

#### IN THE NEWS...

- Minecraft and Snapchat released
- Uber launches
- Steve Jobs dies
- World population hits 7 billion

#### TIM GADD st mungo's

#### Scepticism met creative thinking

A little over ten years ago as a Board member of Broadway (Broadway and St Mungo's merged in 2014) I was asked by Howard Sinclair our then CEO to meet with Daniel Brewer from Resonance, who had a plan to raise £30M for move-on properties.

Despite my natural scepticism I went to the meeting (Broadway did not have a strong balance sheet). What struck me at this first meeting was Daniel's creativity in thinking through how to use social impact investment to tackle the serious societal challenge of homelessness.

Over the next few years and after many more meetings, this initial impression turned into reality as Resonance raised £250m from its investors, across three funds, resulting in 823 properties being leased and 2,821 homeless people being housed.

#### **Shared vision**

One of the key ingredients of the ongoing good working relationship between St Mungo's and Resonance has been the shared vision and passion to end homelessness.

My personal view is that if as society we are to continue to make significant progress towards eliminating homelessness in the current turbulent times, where public funds are exceedingly stretched, there is vital need for impact investing to fund good quality housing.

On behalf of St Mungo's and the people who we support, a really BIG THANK YOU to Daniel and the whole Resonance team...you are making a difference. Good luck for the next twenty years.

INVESTMENT FROM BIG SOCIETY CAPITAL LED TO OUR COMMUNITY SHARE UNDERWRITING FUND INVESTING IN 12 RENEWABLE ENERGY PROJECTS.

(55)

THE AFFORDABLE HOMES RENTAL FUND WORKED WITH 9 COMMUNITY GROUPS TO DELIVER 38 AFFORDABLE HOMES.

## $\overset{\text{\tiny theta}}{=} 1ST \overset{\text{first two impact}}{=} 1ST \overset{\text{first two$



#### **1.85M HOUSEHOLDS** in England are on housing waiting lists<sup>6</sup>

#### SOCIAL ENTERPRISE MAGAZINE IS REBRANDED PIONEERS POST

#### **FIRST FUNDS LAUNCHED**

- COMMUNITY SHARE UNDERWRITING FUND
- AFFORDABLE HOMES RENTAL FUND

#### **RESONANCE KEY MILESTONES**



#### INVESTMENTS

• Esmée Fairbairn invests £500K in Community Share Underwriting Fund

• Big Society Capital backs Affordable Homes Rental Fund with £2.5m



• Simon Chisholm joins Resonance and sets up funds team and establishes Manchester office

#### **CAROLINE MASON** ESMÉE FAIRBAIRN

#### We didn't quit fit!

I can very clearly remember the first time that I met Daniel. We were in the basement of Portland Place in London, the home of Sir Ronnie Cohen's Portland Trust. It was during the nascent development of Big Society Capital (BSC).

I can remember that, like me, Daniel didn't seem to quite fit! There was a lot of sophisticated articulation about the mechanisms of social finance but less on the complexity of deploying investment to truly deliver on good social and environmental outcomes for the future.

I worked with Daniel at Big Society Capital when we he was setting up the Real Lettings Property Fund. He was creative, committed, expert and completely determined to make sure that fairness, values and real social outcomes were central to the fund. This was a new language and a new set of considerations for those at BSC but, with some reluctance, he got his investment. The feeling back then was that this was a high-risk investment, likely to fail but worth giving a go.

The other key investment deal that I associate with Daniel happened about a year later, when I moved to the Esmée Fairbairn Foundation. To my happy astonishment, the team at Esmée Fairbairn were very aware of Daniel and saw in him a different model of social investment, one that we still continue to this day. We provided a repayable grant facility to Resonance to cushion some of the risks associated with developing the type of investment products that are co- designed and where the financing structure comes second. Coincidentally, one of the first times this facility was used was to underwrite the risk of developing the Real Lettings Property Fund!

#### The underestimation of Daniel Brewer

We have continued to work with Daniel and his team on many different initiatives and we see Resonance as an exemplar of social investment done well. Working with Resonance has also given us confidence to co-design more interesting financing structures and models with other organisations such as a Perpetual Bond, outcomes-based financing models for nature, the leasing of our balance sheet and many more.

I have personally learnt a great deal from Daniel over the years; not only about how to run an organisation with integrity but also about how to use capital and investment in a truly transformative way. Daniel was working across the spectrum of capital long before it became mainstream.

Over the years, Daniel and I have been on many panels together, and he has always argued that aligning profits with social and environmental impacts was, not only possible, but would become the norm. Over the years, people like Daniel have been dismissed as worthy and eccentric amateurs in the proper world of investment. To say that Daniel has been underestimated is an understatement.

#### **Remaining true to purpose**

Resonance is now one of the most successful social investors in the UK. It now manages £300m across twelve funds and is a multi award-winning organisation. Despite its growth and increasing success, it has remained completely true to its fundamental belief that investment should, first and foremost, be driven by positive social, environmental and economic outcomes. The idea of finance as a mechanism that can achieve much more than shareholder value and avoid negative impacts is now slowly growing. We see corporates being purposeful, the investment community beginning to acknowledge the importance of impact, ESG and Green Gilts tumbling out of almost every asset management firm and government plans.

My advice to them is if you want to do this properly, professionally and with integrity then they should be speaking to Resonance.

#### MEDIAN RENTS IN LONDON 50% OF LOCAL FULL TIME EARNINGS<sup>11</sup>

#### **ANNA SHIEL** BIG SOCIETY CAPITAL



**Where did it start (for me!)** My first encounter with Resonance was when they created the pioneering Real Lettings Property Fund

in 2012. Big Society Capital (BSC) was only a year old and personally I was definitely still at the "discovery" stage: finding out more about the range of impact investing products, impact business models - and most importantly, where impact investment could play the

greatest role in actually making a difference to the social challenges we face. So I was both new to the market and had a lot to learn....and the Real Lettings Property Fund was something that sat outside what currently existed in the impact investing market. In fact, I'd have to admit that social property funds weren't really even an option we'd conceived of!

But what stood out about the fund were three things:

- It was not built around a financial transaction, but around a relationship with the charity St Mungo's and it built on not only the challenges they faced but also their expertise and strengths
- It started from a social challenge homelessness and identified a social business model social lettings that could deliver a better alternative to people at risk of homelessness when compared to the private rented sector
- Resonance then found a way of connecting that business model with a pool of investors who had the right type of capital, initially unlocking investment from mission-driven investors such as L&Q and local authorities

#### What's happened since?

In the years that followed our initial investment into Real Lettings, we continued to see Resonance evolve and grow its impact through:

- Scaling up the homelessness property funds, reaching more geographies and helping unlock new, regionally focused investors which helped support over 2,000 people into homes
- Creating innovative financial products like the Resonance Community Share Underwriting Fund, Affordable Homes Rental Fund and now the Community Developers Fund that helped realise the potential of communities to tackle the issues that matter to them through enterprise and assets, such as renewable energy and housing
- Designing solutions for social enterprises that are crucial in their communities, but may not be able to access repayable finance at the size or on the terms available, through investments which bring together repayable finance and subsidy from tax relief and grants
- Diversifying the property fund product to meet the needs of other vulnerable people like women escaping domestic abuse and people with learning disabilities, who are acutely impacted by the failures of the UK housing market, through the creation of the Resonance Supported Homes Fund and the Women In Safe Homes Fund

To see those pioneering ideas grow and mobilise other support along with capital to do so – for example, from an initial £16m property fund to over £300m property assets under management now – has been truly impressive. But what has been even more inspiring is the way Resonance has built learning about impact into all that it does. So the focus of its impact reporting on homelessness has always been to understand and respond to the challenges – such as how quickly people can move-on in the current housing market - as much as to build on what is working well. And in the nearly ten years of working together, we've got to know each other far better. For me, it is a relationship based on trust, discovery, challenge and learning. I've personally learnt a huge amount from Daniel, Simon and the whole team: for example, about the importance of starting with the social issue and the partner, and how to build a fund manager with purpose at its core.

And our shared sense of purpose has led to some of what I've particularly enjoyed in recent years; being able to collaborate with the Resonance team to respond to emerging needs, for example, the launch of the Resonance Everyone In Fund in London to help respond to the immense pressures to find homes for people following lockdown, and the Women in Safe Homes fund.

#### How has Resonance changed society and the market?

When I think about Resonance's impact, it really is multi-faceted:

- The social impact it is creating in complex and entrenched social issues is rooted in Resonance's partner and social issue-led approach: by designing around the needs of diverse partners that range from community organisations like Langley Community Benefit Society to housing organisations supporting vulnerable people, like learning disability charity United Response
- Through its willingness to pioneer and then scale new financial instruments, it has created products which have not only gone on to grow Resonance's own assets under management, but to influence and support the development of a whole market: the social property market is now almost £3bn!
- And Resonance has also done this while developing the blueprint for how to be a fund manager with purpose reflected in how it has built its team, culture and its investment approach, instilling purpose into the heart of its organisation

All of that shows how central Resonance is to the development of the impact investing market in the UK and to what all of this must and does add up to: the impact it is having in communities and for vulnerable people across the UK.

"To see those pioneering ideas grow and mobilise other support along with capital to do so – for example, from an initial £16m property fund to over £300m assets under management now."



#### CORNWALL IDENTIFIED AS AN AREA WITH UNAFFORDABLE RENTS<sup>11</sup>

#### Where next?

Looking into the future, part of the offer of impact investment is that it can unlock the resources we need as a country to tackle some of the social issues so apparent today. While these challenges like homelessness certainly can't be met without public and philanthropic funding, they are also so great that private capital is also needed where it can be suitably aligned with the needs of impact-led enterprises. Thanks to the work and achievements of pioneers like Resonance, the impact investing context we operate in looks very different to the one I entered ten years ago - and I suspect even more different to when Daniel created Resonance twenty years ago! There are now many more investors seeking to integrate purpose into their organisations and impact into their investment decisions, to find suitable impact investments - and a growing awareness on the part of policymakers of how impact investment can be an important tool in the toolkit. So we have an opportunity, but also a challenge. The opportunity is that we have far more investors ready and willing to engage, learn and ultimately shift some of their assumptions, behaviours and investment decisions towards purpose. The risk is that we are swept along in a wave of capital that becomes increasingly disconnected from the real impact needed in communities - even with the best of intentions. Our job as impact investors therefore is to harness that interest and that capital in order to truly deliver on the purpose that we share. My belief is that Resonance's combination of purpose, partnership and learning can be a beacon for how this ought to be done.

#### **IN THE NEWS...**

- 2012 Summer Olympics hosted in London
- Raspberry Pi released
- In Pakistan, Taliban members shoot 14-year-old Malala Yousafzai in the head and neck
- The Higgs Boson particle is discovered, the elusive last key to understanding why we have life and diversity in the universe
- Queen Elizabeth II celebrates her Diamond Jubilee: 60 years on the throne
- 100th Anniversary of the sinking of RMS Titanic
- The Royal Navy's first female warship commander, Commander Sarah West, takes up her post on HMS Portland at Rosyth
- The Shard, the tallest building Europe is officially opened
- Andy Murray makes it to the final of the Wimbledon Men's Singles Championships, the first Briton to do so in 74 years



ST MUNGO'S WAS THE FIRST HOUSING PARTNER TO WORK WITH RESONANCE TO DELIVER THE REAL LETTINGS PROPERTY FUND.





#### **C 57K HOUSEHOLDS** in England in temporary accommodation<sup>3</sup>

#### **3,920 PEOPLE**

housed in unsuitable accommodation including bed and breakfast accommodation<sup>3</sup>

#### FIRST HOMELESSNESS PROPERTY FUND LAUNCHED

#### • REAL LETTINGS PROPERTY FUND 1

It's aim is to tackle homelessness in London and provide safe and affordable homes alongside specialist support for tenants.

#### SUSAN FALLIS REAL LETTINGS

#### **Perfect partners**

One of our predecessor organisations had set up Real Lettings as a way of finding properties for people experiencing homelessness, so that when they were ready to live independently, they could move out of emergency accommodation into the private rented sector but with a landlord who understood more about what they had been through.

After working with lots of individual landlords we realised that there had to be a way to grow and be more efficient. Daniel was trying to build a model of using social investment to support access to property. He was the first person we met who was a credible partner, with the same aims and objectives; achieving social impact through property.

From the very beginning, Daniel was actively committed to partnership working and actively demonstrated this, for example in sharing the costs on feasibility studies. We soon realised our shared vision and commitment, as well as demonstrating a viable model, made us perfect partners.

We launched the first Real Lettings Property Fund (RLPF1) with anchor investment from L&Q, then also gained support from Big Society Capital. It was a genuine partnership as the two organisations evolved together – it felt as though we were breaking new ground.

#### Proud of the high-quality properties

We launched with a building that we still have to this day. The first tenant, a mother and daughter, loved the property and remained there for almost eight years.

It was really high profile – we were the first property social impact fund in the UK. Ian Duncan Smith even attended and advocated for the Fund at one of our events. The properties were of a high quality and we felt proud showing people them. It was lovely to be able to offer prospective tenants a home they deserved. We were solving social problems through social impact investment and giving single people and families an opportunity which they probably wouldn't otherwise have.

The partnership is what has driven the project and made it successful - we had the same aim and were all very committed to making it work. We evolved together, and for each issue and problem that arose, we tackled and came up with solutions together.

#### **RESONANCE KEY MILESTONES**



 Crowd funding platform Ethex founded, enabling community benefit societies to reach a much wider audience

#### A SHARE OFFER

 Stockwood Community Benefit Society launches community share offer to raise £1m

#### AWARDS

• Resonance finalist at SEUK Deal of the Year Awards

Following the success of the first fund, we were able to launch a further two funds – a second in London and a national fund working in Bristol, Oxford and Milton Keynes. And most importantly, the quality of property didn't change, if anything it improved as we learnt more about what was important to our tenants.

#### **Impact investing works**

There have been a lot of other changes - we went through a merger in 2014, trebled in size and became a Housing Association. Together, we worked through the impact of those changes.

There have also been external factors which have had an impact – the benefit reform, the forthcoming fire and building safety bill, the impact of Grenfell and of course the COVID-19 pandemic. And we now have the cost of living crisis. Resonance led on social impact reporting which has always pulled out key themes to help our work with clients and we have explored how we can use property to alleviate some of the challenges our clients face. For example, Resonance has fitted equipment to minimise the damp and mould which arises when tenants can't afford to heat their homes.

Resonance has proven that investing can produce a return and deliver on social impact. Impact investing works – proven by the over 2,000 people we have housed and, most importantly, facilitated stability from which our tenants can rebuild their lives.

We need longer term investments; seven years is not long enough to create the type of social impact we want to see. We would like to be able to use the success of our Funds to persuade larger longer term investors that the social impact is equally as important as the financial impact.

Source:

3. UK Housing Review 2018 - Homeless households in temporary accommodation in England

61

#### COMMUNITY BENEFIT SOCIETIES ACCEPTED AS LEGAL FORMS, TO BE RUN ENTIRELY FOR THE BENEFIT OF THE COMMUNITY

#### **C 7.5K** co-operatives and community benefit societies in the UK<sup>12</sup>

#### IN THE NEWS...

- Edward Snowden releases classified documents concerning mass surveillance by the National Security Agency
- Nelson Mandela dies
- Parliament passes the Marriage (Same Sex Couples) Act which introduces civil marriage for same-sex couples in England and Wales.
- Former British Prime Minister Margaret Thatcher dies
- Andy Murray wins the Men's Singles at Wimbledon, beating Novak Djokovic

#### SEBASTIAN PARSONS STOCKWOOD CBS

#### Blending community assets to support sustainable farming

Stockwood Community Benefit Society owns 150 acres of North Worcestershire which is farmed organically and biodynamically. The Society also owns a small rural business park on the farm which provides employment for around 100 people, and a district renewable heating plant and solar panels. Rental plus energy income totals around £300,000.



With over 400 members and over £1.4 million of shareholder investment, Stockwood is a beacon example of community ownership. The income from the business park pays our investors a return -5% every year since we started in 2014. Today, Stockwood is well established and used as an exemplar, but when it was first conceived no one had ever thought of blending community assets to support sustainable farming. It might never have come about were it not for the support of Daniel Brewer and his team at Resonance.

I met Daniel over fish and chips in the Little Chef just off the Stroud exit of the M5. He quickly grasped the plan and before long we had the business plan fully outlined on one of their rather small napkins. We founded the Society in 2012 and purchased the assets in 2014. During those two years we had to work out how to explain our plan and reach out to the community to appeal for new members. Resonance supported us all the way.

#### A shared journey towards sustainability

First off, we had to transform the napkin into something rather more substantial. It took months of careful work to focus in on our core message. In the end, it was simple: a shared journey towards sustainability travelled by our whole community, from our business unit tenants to our future investors. We also had to develop the financial side of the business plan, legal application forms, a marketing campaign, a website and all the brochures. I had entered the world of "due diligence" as investors and lenders followed up their initial interest and sought detailed examination of our offer and prospects. The share offer document was pored over, questions formulated, the farm was walked, arms were waved, the vision explained, and investment steadily flowed into the newly opened Stockwood Community Benefit Society bank account.

Daniel and Resonance helped us explain our vision, helped us create the necessary documents and guided us as we created our first Board. Daniel introduced many people to Stockwood, he sat in on many investor meetings and his clear calm explanations set out step by step how we planned to achieve our goals. Later on, once the Society was up and running, we turned our attention to building a renewable energy district heating system for the business park. This time we were able to use the Social Investment Tax Relief to offer investors a tax efficient bond that saved Stockwood money. The start-up journey was a model for this project, and we were soon embedding a 10km pipe into our fields to source heat for our tenants. Resonance is still Stockwood's key partner and even now, we are working together on the next business plan and share offer. By simply doubling our community investment we will pay off our (ethical) bank debt, increasing our cash flow, opening the next chapter in the story of Stockwood Community Benefit Society – our Learning on the Land project.

"RESONANCE IS STILL STOCKWOOD'S KEY PARTNER, EVEN NOW WE ARE WORKING TOGETHER ON THE NEXT BUSINESS PLAN AND SHARE OFFER."

SEBASTIAN PARSONS, STOCKWOOD CBS

## 2014

#### C 3K PEOPLE

with learning disability living in inappropriate accommodation including in-patient facilities<sup>13</sup>

#### 572 PEOPLE

had lived in in-patient facilities for more than **5 years** and **200** for more than **10 years**<sup>13</sup>

#### **RESONANCE KEY MILESTONES**

### **PUBLICATIONS**

- Resonance publishes a scoping report the potential of a Bristol based social investment tax relief fund
- Resonance publishes its Winterbourne View and Social Investment report - this eventually leads to the development of the Resonance Supported Homes Fund

#### NEW DEALS

• Resonance completes first ever SITR deal with FareShare South West, and another pilot investment into The Severn Project

#### INVESTMENTS

• First local authority - Croydon - invests £10m into the homelessness property fund

#### AWARDS

- Cabinet Office Social Investment Awards, New Market Award Runner Up
- Real Lettings Property Fund 1 is recognised at the City of London Sustainable City Awards

#### **FIRST TENANTS**

• REAL LETTINGS PROPERTY FUNDS 1 (RLPF1) TENANT housed

#### **IN THE NEWS...**

- The Scottish independence referendum is held
- Amazon Echo and Alexa are released
- Ice Bucket Challenge raises millions for ALS (Amyotrophic Lateral Sclerosis) research
- Malala Yousafzai wins Nobel Peace Prize
- The worst Ebola epidemic in recorded history occurs in West Africa resulting in the deaths of 11,000 people
- Part of the South Devon Railway sea wall carrying the railway line and linking London with the South West, is washed away by a powerful storm



13. Resonance Winterbourne View Report 2014

64

#### SOCIAL INVESTMENT TAX RELIEF (SITR) FUNDS MAKE THEIR DEBUT

## **75%** of social enterprises were profitable<sup>14</sup>

#### DANIELA BARONE SOARES SNOWBALL



I was introduced to Daniel by a friend back in 2014, who told me Resonance was the best kept secret in the impact world. This is no longer the case; thankfully more and more investors are finding out about Resonance's work. At that time, I had been working in

the impact arena for ten years. Impact was still a niche and Daniel immediately impressed me as a doggedly determined entrepreneur, who saw impact not as "cool" but as incredibly serious business. I left with the strong impression that I had met someone who could scale impact solutions with quality, integrity and robustness.

I joined Snowball, an impact investing fund, in 2019, as it offered a systemic solution for a healthy, prosperous and peaceful future for this planet. By then, Snowball was already an investor in Resonance, and currently we have four Resonance managed funds in our portfolio. We most recently invested in the Resonance and Patron Capital Women in Safe Homes fund, as we view Resonance as one of the leading impact managers in the UK. It has a track record of purchasing property at scale, and working with those at the frontline of homelessness services to provide the right solution to those affected by homelessness. Resonance creates change by focusing on achieving specific impacts through their in-depth expertise in investing in homelessness, poverty and community asset building.

#### Our story working with Resonance

As background, Snowball allows investors access to a wide range of subject area experts like Resonance and others, which combined, create a portfolio of over 400 mission-led companies, focusing on some of the most pressing social and environmental issues we face. Curating, monitoring and actively engaging with such a diverse portfolio is something most investors wouldn't be able to do. We identify leading businesses that bring innovation, solutions and catalytic opportunities in two interconnected themes: social equity and environmental sustainability. We actively manage these investments and report back to our investors on their impact and financial performance. As we expand our investor base, we are able to increase the amount of capital reaching the high impact social enterprises in the Resonance portfolio.

"When I first met Daniel back in 2014, Resonance was one of the best kept secrets in impact investing. Thankfully this is no longer the case: they are now one of the best-known successful examples of an impact driven investment approach that combines high impact with a risk adjusted return for investors."



#### The impact Resonance creates

It is hard to quantify the numbers of people experiencing homelessness, but we know from resources like The Homelessness Monitor that rough sleeping levels in England have increased by 132% since 2010. In the immediate term, impact investing increases the amount of capital directed into systemic solutions for this complex problem. Longer term, we believe that this type of investing actually changes the way we think about investing altogether. It is an activity that has a real-world effect; we think how we invest is about contributing to the type of future we want.

Resonance continues to launch new and innovative impact funds to address gaps in service for underserved communities, but beyond its funds, Resonance is committed to field building and systems change and works proactively with partners to achieve this – for example, it has run workshops for existing stakeholders to improve strategies for tenant move-on and is exploring a technology solution which could benefit tenant progression.

#### The future of impact investing and Resonance

Currently, only 1% of global assets under management are invested into impact (as distinct from ESG investing). People living the daily reality of inequality – like people who experience homelessness – need this amount to increase, and rapidly. In the twenty years that Resonance has operated, many of the barriers that existed to impact investing becoming more mainstream, have been addressed. Talking to investors, we know that demand from them to connect their money with entrepreneurial solutions that make the world better is high. The next generation is pushing for that change even faster: younger people are moving their careers and money into creating a socially equitable and just future.

We need to think systemically about this change however. This progress to advance impact investment is good, but what we need is wholesale change in the way that financial markets and investments operate. In the future, all money should be invested to create financial returns and positive impact for society and our planet. People should no longer have to choose between securing their own and our collective future.

The Resonance Homelessness Property Funds have been early examples proving it is possible to achieve high impact with a risk-adjusted return for investors. As more and more mainstream investors see these results, we will accelerate the wider transformation of finance that we need in order to secure fair and sustainable life on this planet.

## $\prod^{\mathbb{R}} 1ST \text{ the first regional resonance} \\ \text{Sitr fund launches}$



## **31% OF SOCIAL ENTERPRISES** working in the top 20% deprived areas

of the UK<sup>15</sup>

#### **E50M** IMPACT FUNDS UNDER MANAGEMENT

#### **OVER 70K PEOPLE**

in Bristol live in the most deprived areas of England, **18.9k** of them children<sup>16</sup>

#### **FUNDS LAUNCHED**

- RESONANCE BRISTOL SITR FUND
- The first social investment tax relief fund, providing affordable loans to impact driven social enterprises aiming to dismantle poverty and tackle inequality, whilst delivering tax relief to investors.

#### **ANDY STREET** INVESTOR & INVESTMENT COMMITTEE MEMBER

#### Finding a balance

I had already started the process of stepping back from full-time work and was getting more involved in the charitable / social enterprise / social investment space, when I met Daniel nearly ten years ago. I've had a career in the field of environmental consultancy, and

in the mid-1990s was one of five founding directors of leading consultancy firm SLR. I love my work, and have been privileged to work on waste management related projects right across the globe, in every continent. But as I entered my fifties I realised that I wanted to achieve a better balance between work and my involvement in social issues in the Bristol region. Over the last fifteen years I've set up a number of charities and social enterprises, and in more recent years I've become much more involved in impact investing. I now work very much part-time with SLR, focusing on supporting bank and private equity investment in major waste related infrastructure development in Australia and New Zealand. Up until COVID-19 hit two years ago, I was visiting there on a regular basis.

#### Social investment fund for Bristol

I'd heard about Daniel and the work of Resonance before I met him. For a year or two before meeting, I'd been giving some careful thought to how it might be possible to set up a social investment fund in Bristol, but I lacked the experience at that stage to know how best to go about it. And then along came Daniel, and right from the start I discovered that we had very similar interests and ambitions with regards to impact investment. Social Investment Tax Relief (SITR) was introduced in 2014, and expanded in 2017, and allows individuals to help social enterprises grow by offering tax relief on investments. I worked with Daniel and the Resonance team in setting up the Resonance Bristol SITR Fund in 2016, and was one of the first investors. I remain an investor in the fund, which has since been expanded to cover the south west region. The fund has invested in a wide range of social enterprises and businesses, and a huge amount has been achieved over the last five or six years. I've also very much enjoyed the process and my journey with Resonance and the SITR Fund's Investment Committee.

#### Impact investment is here to stay

Since that time, I've become involved in other forms of impacting investing, both directly into social enterprises and through other funds and in 2018, I became Chair of Bristol City Funds. I view impacting investment as a significant tool in addressing some of society's key social challenges. My entry into the sector was though, very much through Resonance, and Daniel himself. I have huge respect for Daniel, and for what he and the team at Resonance have achieved – it is huge! Their innovative approach to impact investment makes them, in my view a market leader. I also admire their professionalism and integrity – and the fact that at their heart they really do care about social inequality and injustice and are committed to making a difference for good.

It is clear that impact investing is very much here to stay, although the longerterm future of SITR is not clear at this stage, although the Chancellor has extended it until April 2023. In the meantime, other impact investment tools have emerged, with Resonance very much leading the way in the development of some innovative approaches to funding the development of housing for the homeless and disadvantaged, and at significant scale. I have great admiration for what Daniel and his team have achieved in this regard, and I have no doubt that there is still a lot more to come from the Resonance stable. I wish them well, and very much hope that our paths will continue to cross from time to time, and there will be other opportunities to work together.

.....

.....

grew their turnover in previous 12 months, compared to all other SMEs  $(40\%)^{15}$ 

#### BRISTOL RANKED 2ND IN TOP 10 HIGHEST LOCAL AUTHORITY ROUGH SLEEPING COUNTS<sup>17</sup>

#### **RESONANCE KEY MILESTONES**

#### 🌛 FUND DEPLOYMENT

• RLPF1 fully deploys £56m in 36 months, with 249 individual property purchases. This is an average of 7 legal transactions per month

#### PEOPLE

 3 New non-executive directors join Resonance: Karen Shackleton, Graham Hodgkins and Anita Bhatia

#### KNOWLEDGE TRANSFER

• Resonance shares its Investment Readiness tools with Bangladesh Intermediary, **Tindercapital**, through a knowledge sharing project sponsored by the British Council

#### 🕎 AWARDS

- Real Lettings Property Fund wins Property Week's RESI Awards for Newcomer of the Year and the Fund is finalist at LGC Awards for housing initiatives.
- Resonance **wins SEUK Deal of the Year 2015** for the first social impact tax relief (SITR) Deal with FareShare South West.
- Real Lettings Property Fund wins Estates Gazette MIPIM UK award for Private Rented Sector Initiative of the Year.

#### **IN THE NEWS...**

- Inflation rates fall to 0.5%, the joint lowest on record, mainly due to the drop in fuel prices
- Apple Watch released
- China announces the end of its one-child policy after 35 years
- Libby Lane becomes the first woman ordained as a bishop in the Church of England
- Same-sex marriage becomes legal in all 50 states of the USA
- The General election takes place, resulting in the Conservative Party winning an outright majority with 331 seats, and securing David Cameron a second term in office.
- Liquid water is found on Mars

#### 509 PEOPLE in the South West sleeping rough<sup>19</sup>

#### **KAREN SHACKLETON** CHAIR OF RESONANCE BOARD, PENSIONS FOR PURPOSE FOUNDER

#### It was like a light bulb switching on

I first met Daniel (and Peter Dawe) in a café opposite the Eurostar platforms in St. Pancras in 2015. Having recently stepped down as Chief Executive of an investment advisory company, I was looking to develop a non-executive portfolio. The moment I met Daniel

and Peter, it was like a light bulb switching on. I hadn't really heard about impact investment up to that point, but I realised this was completely aligned to my personal beliefs that investment capital could be used in a way which benefited society. I was immediately inspired to get involved with Resonance. It was the start of an amazing, educational, and catalytic personal journey.

I always say, it takes about three years to become a valuable and valued nonexecutive director. Those first three years saw me learning a lot about Resonance, meeting the wonderful and passionate team, and getting to grips with the board agenda items. By 2018, that learning process was beginning to peak, and the Board approved my appointment as Chair. I had always found the directors to be respectful and supportive of each other, so I was confident this was going to be an enjoyable and rewarding opportunity.

#### Improving the Board's effectiveness

Daniel and I have worked closely since 2018 to try and improve the Board's effectiveness. This has included taking detailed discussions from the main Board into new sub-groups which could report back to the Board. It allowed us to maintain a more strategic perspective as directors, and we improved this further by splitting the agenda items into "the past" (what's gone on), "the present" (challenges that the team are facing) and "the future" (strategic opportunities to discuss). We continue to try and improve Board effectiveness: we are just about to introduce an agenda item that focuses on macro events that might impact Resonance, for example. I have always been keen that the executive directors find it beneficial to attend a board meeting, rather than something that just involves a lot of preparation but with little value in return, so every board paper now contains three questions that the executives would like to ask the non-execs.

In 2017, I launched Pensions for Purpose, a collaborative platform helping pension funds to make informed decisions about impact investment. This gave me an opportunity to engage with a broader universe of impact managers. It has been a good reminder of why I chose Resonance in 2015. The passion of team members, their focus on the impact being achieved, their authenticity, and of course, their twenty-year track record, all mean they continue to stand out as best in class.

#### **Transforming lives**

I clearly remember listening to one of Resonance's tenants talk at an event some years ago. Everyone in the room fell silent as the young woman talked candidly about the struggle of leaving an abusive relationship, homeless and vulnerable, sleeping at St. Pancras with a young baby, and then finding the charity St. Mungo's, which then housed her in a Resonance flat. The impact of having a new, permanent home had allowed her to register for college and life had completely turned around for her. To me, that is what Resonance is about transforming lives, making a real and long-term difference to those that they help.

#### Delivering for investors and beneficiaries

But of course, it doesn't stop there. As a pensions expert, I am equally focused on the investor perspective and a best-in-class impact manager needs to be able to deliver to both the investor and the beneficiary. The property funds team at Resonance, led by Simon Chisholm and John Williams, has worked hard to understand pension fund investors' needs and so the funds have been developed in a way which is aligned to pension fund trustees' fiduciary duties, delivering a competitive market-rate, risk-adjusted return combined with genuine social impact which transforms lives.

#### Leading the way

Resonance has led the way on so many occasions over the past twenty years: one of the first impact investment managers in the UK, the first to launch a Social Investment Tax Return (SITR) fund, quick to respond to the pandemic with a successful role in the government's Social Enterprise Support Fund, and one of the first UK gender-lens focused managers with the launch of the Women In Safe Homes Fund. It makes me incredibly proud to be the Chair of Resonance.

In recent years, more and more asset managers have launched impact funds. Just seven asset managers supported the Pensions for Purpose platform in 2017 (including Resonance, of course). That has grown to 117 firms today... which shows just how crowded the impact investing space has become! Yet how many of these organisations can point to a twenty-year track record of impact investment? How many can point to investments that have delivered to the expected financial and impact goals several times over, during that time?

#### So where next?

As the focus on impact increases, as investors become more discerning, as social need in the UK grows, then Resonance will respond. We are already thinking about investing in impact in a more holistic way, bringing environmental impact into our property funds, for example. The Impact and Innovation team at Resonance continues to explore new opportunities, ways to address social need that has not yet been tackled effectively, and helping social enterprises become more effective.

But the final shout out must go to Daniel and the team at Resonance. Without Daniel's leadership, without his vision, his creativity and his tenacity, Resonance would not be here today. Without the passionate and hard-working team supporting Daniel, with enthusiasm and commitment to the firm's purpose, Resonance would not be the success that it is. Put a great leader and an amazing team into the mix, and Resonance emerges, twenty years on, still destined for even greater things to come.

ial







your investable wealth

75%

Luare to

> ion the

Re to see invested for-

IXIB / MEAd?

## THE SOUTH WEST ROUGH SLEEPING FIGURES HAD THE HIGHEST PROPORTIONAL INCREASE IN ENGLAND<sup>19</sup>

"AS THE FOCUS ON IMPACT INCREASES, AS INVESTORS BECOME MORE DISCERNING, AS SOCIAL NEED IN THE UK GROWS, THEN RESONANCE WILL RESPOND."

KAREN SHACKLETON, CHAIR OF RESONANCE BOARD & PENSIONS FOR PURPOSE FOUNDER



## **250** HOMES PURHASED BY RESONANCE IMPACT PROPERTY FUNDS

#### 2016 **C 76K HOUSEHOLDS** in England in temporary accommodation<sup>3</sup>

#### **FUNDS LAUNCHED**

- NATIONAL HOMELESSNESS PROPERTY FUND 1
- HEALTH & WELLBEING CHALLENGE FUND (SOUTH WEST)

#### **IN THE NEWS...**

- Apple AirPods released
- UK votes to leave the European Union
- David Cameron resigns and Theresa May becomes Prime Minister
- Donald Trump wins the US presidential election
- The Zika virus emerges as a major global health threat

#### **"I WAS ENCOURAGED TO FIND A GENUINE PASSION FOR IMPACT-LED INVESTING."**

**DANIEL BREWER**, **FOLLOWING VISIT TO JAPAN** 





#### **RESONANCE KEY MILESTONES**



- National Homelessness Property Fund 1 launches with £30m investment
- RLPF1 completes deployment with £57.1 million raised, a portfolio of 259 properties in London and almost 600 people housed to date
- First investment made from the Resonance Bristol SITR fund

#### THE I FUND'S FIRST TENANTS

#### **MOVE INTO THEIR HOMES**

- BRISTOL 15 June 2016
- OXFORD 20 June 2016
- MILTON KEYNES 18 July 2016

#### INNOVATIVE

• Health & Wellbeing Challenge fund launches giving a £5m boost to South West enterprises

#### 🦽 SHARE OFFER

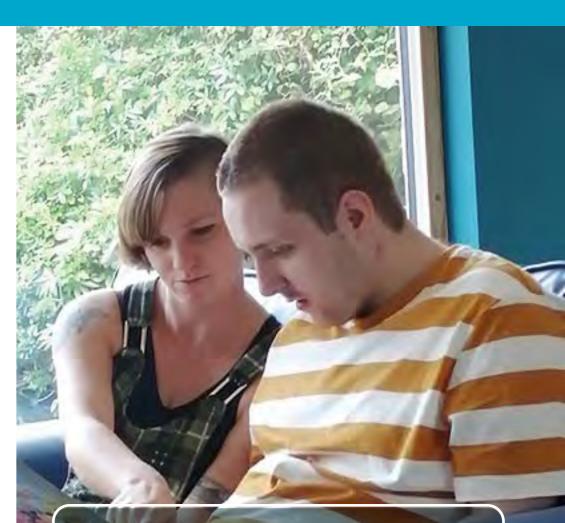
Resonance has the privilege of working with London CLT to develop their share offer for £450,000 in pursuit of a pipeline of 185 homes. Over £600,000 is raised

#### **KNOWLEDGE TRANSFER** $\leftarrow$

• Daniel visited Japan to share the UK's social investment story with Japanese social impact innovators



- AWARDS
- Cabinet Office Social Investment Awards, New Social Investors Award Runner-Up
- Big Society Capital recognised the movers and shakers to those promoting SITR: Resonance is highlighted as a Trailblazer



**KARREK COMMUNITY CIC WAS THE FIRST TO RECEIVE INVESTMENT** FROM THE HEALTH & WELLBEING **CHALLENGE FUND** (SOUTH WEST)

# **2ND** LONDON IMPACT PROPERTY FUND LAUNCHES, RLPF2



social enterprises in the UK<sup>20</sup>

### **1.137 PEOPLE**

sleeping rough in London - the highest figure compared to any other region<sup>21</sup>

### **SEB ELSWORTH** ACCESS

### Access set up to widen the reach of the social economy

Access – the Foundation for Social Investment was created in 2015 with an intention that it would have a significant impact on the reach of the social investment market, a market which all too often seemed to be remote and disconnected to the realities of smaller charities and social enterprises - those that make up

99% of our sector. Many felt that the products on offer weren't tailored enough, that capital wasn't shaped in the right way and wasn't flowing to all parts of the social economy, and that the institutions of social investment weren't accessible or relevant to ordinary organisations.

### Working from strong foundations

As with all such narratives the picture was much more nuanced than that, and there existed a small group of long-standing social investors that had been working hard for some years to address precisely those issues highlighted above, with Resonance very much a part of that. Indeed, without the example of pioneering organisations like Resonance, Access would never have come into existence in the first place. Resonance and others showed that, with careful marshalling of resources, investment in network building and working hard to listen and respond to the needs of the market, that it was possible to make social investment relevant to the full range of charities and social enterprises that make up our vibrant and vital sector. Access has worked to extend the number of social investors able to set up and take this approach, and to increase the flow of subsidy required to make it happen, but all of our work has been built on those previously laid foundations. Similarly, the knowledge, understanding and insights we exploit are available to us because our vantage point is from the shoulders of giants like Resonance.

### A kev stakeholder

(72)

Right from the start of Access' life Resonance has been a key stakeholder. It was one of the first applicants into the flagship Growth Fund, funded by The National Lottery Community Fund and Big Society Capital. The Growth Fund provides small scale unsecured loans to the types of charities and social enterprises that might otherwise struggle to access the investment they need to sustain or grow their activities, and Resonance used this programme to launch their South West focused Health and Wellbeing Challenge Fund. True to form, Resonance introduced some interesting and welcome elements of innovation into the delivery of their fund, finding ways to vary the product offering and introducing even smaller micro-loans, and performance-based repayments into their mix. After a slow start initially, in common with most funds, Resonance began to demonstrate strong demand for what they were offering and the Growth Fund partners were very pleased to be able to put even more investment into the fund after the first few years.



During the roll-out of Access' more recent blended finance funds we have had many more discussions and dealings with Resonance, always thoughtful and positive. Whether helping us make the case for more subsidy into blended finance, taking part in consultations or discussions on new programmes, engaging in peer-events with other social investors, or putting together propositions for Access to consider, the whole staff team at Resonance has consistently displayed a series of positive characteristics, characteristics that put us in mind of Daniel himself: a generosity of spirit, thoughtful consideration of the right ways to do things (in the interests of the charities and social enterprises we are all here to serve), a desire to continually seek new ways of working and improving, and an exacting approach to analysing, planning and delivering.

In a rapidly evolving and expanding sector, Resonance has consistently been a cornerstone, a driving force and an example to others. I'm confident it will continue to be all of those things in the future, as we try to continually improve our understanding of the best ways to get more and more capital to work for more and more communities. Access looks forward to continuing to being along for that journey.

# **FUNDS LAUNCHED**

**REAL LETTINGS PROPERTY FUND 2** 

Real Lettings Property Fund 2 launches with £45m investment and purchases its first homes in May.

# **IN THE NEWS...**

- The Grenfell Tower fire in London kills 72 people and injures 70
- Emmanuel Macron becomes President of France
- The Trades Union Congress announces that the average UK household owes £12,887 in debt
- The think tank Resolution Foundation assesses that the UK is in its worst decade for pay growth for 210 years

20. Department for Business, Energy & Industrial Strategy - Social Enterprise Market Trends 2017 21. Homeless Link - 2017 Rough Sleeping Count 9. Office for National Statistics - Rough sleeping in the UK: 2002 to 2021 3. UK Housing Review 2018 - Homeless households in temporary accommodation in England



# **4.751 PEOPLE**

in England sleeping rough - the highest number yet<sup>9</sup>

### C 80K HOUSEHOLDS

in England in temporary accommodation<sup>3</sup>

# **RESONANCE KEY MILESTONES**



- Our best ever year mobilising almost £50m of useful capital into the hands of 20 social enterprises
- £100m of funds under management

# **PEOPLE**

- Karen Shackleton appointed as Resonance Group Chair
- Michael Perreau joins board as a non executive director

## **PRODUCT INNOVATION**

• Permanent capital loans and launchpad loans released by Health  $\vartheta$ Wellbeing Challenge Fund (South West) - product innovations making investment more flexible



# OFFICES

• Resonance's head office, based in Cornwall, moves to bigger offices at the Great Barn in Launceston. And growing Bristol and Manchester teams also move into new offices.

# **MARKETPLACE**

• First SITR marketplace event connecting social enterprises that have received investment, with investors into the Resonance Bristol SITR Fund

### Dt MORE NEWS

 BBC Points West interviews Daniel about Resonance's property fund tackling homelessness in Bristol

# **PUBLICATION**

 Resonance contributes case studies to the Corley report on 'Growing a Culture of Social Impact Investing in the UK' and is an active participant in the taskforce set up to implement recommendations.



# **2ND** RESONANCE REGIONAL SITR FUND LAUNCHES



# **420 PEOPLE** sleeping rough in the West Midlands a

**12% increase** from the previous year<sup>22</sup>

### 150K JOBS

in the West Midlands are estimated to be provided by the social enterprise sector<sup>23</sup>

# **FUNDS LAUNCHED**

• WEST MIDLANDS SITR FUND LAUNCHES

# **RESONANCE KEY MILESTONES**

### INVESTMENT

• Greater London Authority invests £15m in Real Lettings Property Fund 2

## **INNOVATION**

• Resonance and Ashley Community Housing develop yield sharing finance - a first in the UK. Sharia Compliant social investment financing model.

# IN THE NEWS...

- The NHS celebrates its 70th anniversary
- 5G becomes available
- Stephen Hawking, world-renowned theoretical physicist, author, and cosmologist, dies at his home in Cambridge, aged 76
- The first statue of a woman in Parliament Square is unveiled, that of suffragette Millicent Fawcett

### **FUAD MAHAMED** ACH (FORMERLY ASHLEY COMMUNITY HOMES)

### **Resonance support with ethical investment**

ACH is a leading provider in refugee integration services, operating in the West of England and the West Midlands whilst offering advice and assistance across the UK and beyond. Since 2008, the company is resettling over 2,500 individuals yearly by providing secure housing, culturally sensitive support and



vocational training, provided by its training arm – Himilo. Himilo (Hope for the better) focuses on upskilling individuals and supporting them towards higherlevel employment to develop their independence and contribute to the wider economic ecosystem. In 2018, ACH wanted to change its business model from lease based to ownership. After many unsuccessful attempts of establishing social finance which is sharia complaint in the sector, we went to Resonance. Together we devised a ground-breaking Yield Sharing product which is both sharia complaint and appealing to non-Muslims. We have bought our first 3 properties using this mechanism.

Encouraged by this success, ACH is in an early stage to trial a yield mechanism for pre start-up, self-employed, microbusinesses and early stage growth businesses delivered by a Community Anchor. The target market for such loans are black and ethnic minorities, refugee and marginalised entrepreneurs currently excluded from the business finance market. It further details opportunities for additional investors to contribute pro bono or investment to create a national provision, either by supporting the scaling up of this service or by contributing to the growth of the fund itself.

Typically refugees and migrants struggle to access finance. For some groups in the community, the key issue is that interest bearing finance are not permissible. The type of business funding most readily available is the debt-based loan model where the entrepreneur in effect rents money for a period for a cost (interest). Typically, this requires the entrepreneur paying a setup fee, then repaying the money borrowed and paying the charge for using the money, (interest). This model also requires the entrepreneur to be able to present a 'creditworthiness bundle' to the lender including electoral registration, payslips, steady income, credit history, rent history/ mortgage payment history, address history, ability to personally guarantee repayment, often access to other financial guarantors alongside personal/ cultural ability to use interest bearing loan finance.

A range of lenders are now emerging, prepared to provide smaller loans to entrepreneurs who present with an incomplete 'creditworthiness bundle' and using the same yield sharing principles as our own bond. Before our work in proving such a mechanism could work for all concerned this mechanism felt completely out of reach. All these ambitions above have been made possible by the work initiated and pioneered by Resonance; this work is helping to create a brighter future for refugees.

Source

22. Ministry of Housing, Communities & Local Government 2018 - Rough Sleeping Statistics Autumn 2018, England (Revised) 23 Directors of Adult Social Services - The impact of adult social care on jobs, growth and regeneration in the West Midlands

"AFTER MANY UNSUCCESSFUL ATTEMPTS OF ESTABLISHING SOCIAL FINANCE WHICH IS SHARIA COMPLIANT IN THE SECTOR, WE WENT TO RESONANCE."

**UAD MAHAMED, ACH** 

**3 IN 10 CHILDREN** across the West Midlands are classed as living in poverty<sup>24</sup>

# 600+ SOCIAL ENTERPRISES

operating in the West Midlands region<sup>25</sup>



### BIRMINGHAM RANKED 6TH MOST DEPRIVED OF ENGLANDS 319 LOCAL AUTHORITY AREAS<sup>23</sup>

## MEL ELLIS CHALLENGE ACADEMY

### Helped us achieve more than we could alone

Back in October 2018, Challenge Academy received a significant £150,000 investment from the Resonance West Midlands SITR Fund to help further develop our adventure hub and to increase our team's capacity – in turn enabling us to expand our offer and connect with more purpose-driven groups and communities in the area. Along the way we have received friendly and

personable specialist support every step of the way. We would not be where we are now if it were not for both the financial investment and the specialist support that we have received on this journey, preparing us for investment and the ongoing strategic approach from the team, which has been invaluable and helped us achieve more than we could have alone.

### Making a real difference

Working with Resonance over the last few years has been a positive experience and has given us the opportunity to establish Challenge Academy – the only site of its kind in the West Midlands – as a community resource for enabling transformation and resilience in communities and individuals through our outdoor activities and challenges. The investment has also given us a springboard to secure further grants to help us achieve our goal. Over the last few years we have seen more than 40,000 people from across the West Midlands participate in our outdoor learning and adventure programmes, helping them find their purpose, focus their mindset and unlock their potential – we're so proud that together, Challenge Academy and Resonance have made a real difference to so many lives.

"I have really felt the course has helped me to remember my potential and how capable I can be when I'm more relaxed and problem solving. It has rebuilt my confidence again and given me the opportunity to show my worth to others but more importantly to myself."

- Challenge Academy participant

### Pandemic challenges

The pandemic has obviously had an impact over the last couple of years but having established a strong business model and partnership with the Resonance team, we have felt well-supported throughout. And whilst the site had to close for a short time in 2020, Resonance helped signpost us to other sources of potential income – this included a successful application to the Social Enterprise Support Fund, resulting in a grant in August 2021 to help us develop an outreach model throughout the Black Country.

And whilst this time has been challenging, particularly so for some of society's most marginalised communities, worsening many of the social issues they face, this has only served to strengthen our resolve, purpose, community reach and ambitions to provide a sustainable and inclusive opportunity for everyone in our community to create more positive futures for themselves. Thank you, Resonance!

# **RESONANCE KEY MILESTONES**



### ACCREDITATIONS

• Resonance achieves B Corp Certification and Social Enterprise Mark

## $\sim \rightarrow$ **KNOWLEDGE TRANSFER**

• Simon speaks at the first conference organised by the Municipality of Milan on how a place-based focus on social impact investment can help grow effective solutions to social problems.

# A SHARE OFFER

 Resonance assists Mustard Seed Property with their share offer which successfully raises over £340,000

# AWARDS

- Resonance Investment Manager Grace England recognised by the WISE 100, celebrating Women in Social Investment
- Resonance wins Pensions for Purpose Best Social Impact Paper Award 2018 for 'How Property Investment Can have Social Impact'
- Resonance West Midlands SITR Fund **wins Worthstone Impact** Champion Award 2018 for New Product Launch

### Sourc

23 Directors of Adult Social Services- The impact of adult social care on jobs, growth and regeneration in the West Midlands 24 Action for Children - Where is child poverty increasing in the UK? 2021 25 Resonance - West Midlands SITR Information Memorandum 2019/2020 26 Social Enterprise UK - State of Social Enterprise Survey 2017

(77)

# 750 HOMES PURHASED BY RESONANCE IMPACT PROPERTY FUNDS



### **88K HOUSEHOLDS** in England living in temporary accommodation<sup>27</sup>

# IN THE NEWS...

- The Conservative party led by Boris Johnson wins the general election with an 80-seat majority
- NASA astronauts Jessica Meir and Christina Koch conduct the first all-female spacewalk outside of the International Space Station
- The first case of COVID-19 is recorded in China
- India plants 220 million trees in one day

# **RESONANCE KEY MILESTONES**

### INVESTMENT

13

- Guys & St Thomas' Foundation makes its first investment, into Real Lettings Property Fund 2
- Resonance Community Developers unlocks £850,000 worth of grant funding to begin seed investment into community businesses

## **MILESTONES**

- Resonance listed as number 6 in KPMG's 75 fastest growing of firms in Devon and Cornwall
- £200m of funds under management
- National Homelessness Property Fund 1 is fully deployed, having raised £43.3 million, purchased 212 homes in Bristol, Milton Keynes and Oxford, and provided over 565 people with a safe and affordable place to call home
- Resonance joins the NatWest SE100 Index, as one of the top 100 social enterprises in the UK

### ন্দ্রি AWARDS

- Resonance Homelessness Property Funds win NatWest SE100 Good Deal of the Decade Award
- Resonance and Smile Together win SEUK Deal of the Year

## **PAUL'S STORY PROPERTY FUND TENANT**

"God, if I didn't have this place, I dread to think where I would be, maybe back on the streets, maybe back drinking, I don't know where I would be. Lost. I'm an alcoholic and there came a point in time when my family said you've got to go and sort this out. I had to leave the family house and sort it out, to do that I ended up being homeless.

"The block of flats I was previously living in was a heavy drug and drink use area, leaving there and coming here, to moving in and not having that environment around me was fantastic. My home's a one-bedroom flat. Its's a nice flat, I like the flat very much. I've got Victoria Park just behind me and my family's all local. Good shops. Good environment. Good people here.

"Alcoholics fear change. We like stability just knowing that I have a safe secure home, a back-up support network is very important, I have never had to use it but the fact you know it's there helps. Whereas I think with a private landlord you don't get that at all, you know it's a very cold contract basically. Having a back-up support network is very important, I've never had that before. I've never been sober enough to have anything like that.

"My job is that I am a crane lift supervisor - I oversee the safety of lifting operations of all tower and mobile cranes on building sites. I like my work it's fun.

"So this knowing that I have a home, it's nice, a nice feeling, warm feeling. Good feeling. I am sober, I am working, I have everything to look forward to, a bright future that's what having a home from Resonance has given me."

"God, if I didn't have this place, I dread to think where I would be, maybe back on the streets..."





### **NEARLY 7K HOUSEHOLDS** in England in hostels<sup>27</sup>



### **REGULATOR OFGEM INTRODUCES A NEW ENERGY PRICE CAP FOR HOUSEHOLDS IN ENGLAND, SCOTLAND AND WALES**

76 HOMELESS PEOPLE in England and Wales died in 2018, a 22% rise from 2017 and the highest increase since records began<sup>28</sup>

### **JAMES EVANS BELONG LEARNING**

Community Mentoring and Support CIC (CMAS) applied for a SITR investment in 2018 to enable us to grow and build a community programme to become a regional provider to meet educational and social and emotional needs of children and young people experiencing exclusion. Over the next five years, Resonance and individuals within their team became far more to us as a company and Board than just a source of finance.

With the application for the loan came the challenge and opportunity to look more forensically at our business model and financial structure, and this provided an opportunity for us as a Board to focus on our growing specialism of educational provision and to close departments that were financially insecure. This process was supported by expertise and advice from Resonance and working with Katalin and Donna enabled us to make some difficult decisions but ones that have ensured the sustainability and growth of the company.

In 2020 we were invited by Resonance as a Board to participate in an event in Bristol where many of the social enterprises that Resonance has invested in were given the opportunity to tell their stories, promote some of their achievements and meet some of the fund's investors. As CEO, I was invited to speak at this event. By sharing some of our journey and meeting individuals at our marketplace-style stall, this brought us into contact with someone who went on to provide consultancy in enabling us to create a new business plan. This working relationship led to them becoming a non executive director and he now works with us on a consultancy basis as a financial lead. This connection was invaluable for CMAS and enabled us to build a model of delivery that ensured we continued to effectively operate throughout the COVID-19 crisis.

Our ongoing relationship with Resonance also enabled us to successfully apply for a Social Enterprise Support Fund grant and this ensured not only our survival through this very challenging period but enabled us to grow our service at a time when more and more young people and their families needed our support. This led to the creation of two new school centres and the transformation of the company from CMAS to Belong Learning, with a vision to be the specialist learning provider of choice in the UK, enabling children and young people to 'all belong'.

Our mission, to create educational communities where children and young people with unmet needs can learn, grow and thrive. Again, Resonance played a vital role in this rebranding exercise, with Resonance providing pro bono expertise and resources in enabling our staff and students to create our new logo. Throughout our six-year journey, Resonance has provided far more than financial support and we are extremely grateful to the wisdom, expertise, opportunity, connections and inspiration that individuals within their team have provided. We look forward to continuing this relationship and congratulate them on their 20th anniversary, enabling organisations like Belong Learning to turn vision into reality.

### **CHRIS RAWLINS** SOFAB

### "You can gamble the daughter's wedding, but not the house..."

When I set out as a social entrepreneur a decade ago, my wife made it clear there were limits to our financial commitment. She would let me gamble our daughter's wedding, but never our house. Consequently, traditional routes to bank finance were ruled out from day one. Anyone serious about scaling their financially



sustainable social enterprise at speed will need access to risk free capital from funds like Resonance's at some stage. Early stage funding and knowledge from UnLtd taught us to crawl, gave us the confidence to walk and caught us when we fell. Soon we could walk alone. The initial spark had become an eternal flame, a sustainable business. Whilst the flame burned it didn't grow. Investment from Resonance, supported by operational changes partly driven by the due diligence process, enabled us to run and each day we ran faster and faster. After three years of exponential turnover growth, we are making tangible differences to people's lives through employment. We believe the social benefits of production by the masses at least counterbalance the consumer benefits of mass production.

### **David v Goliath**

Our workforce comprises a mix of young and old, housed and homeless, abled and disabled, with criminal records and without. Our eBay store ranks best in class out of more than 10,000 sellers in the categories we sell within, including some of the country's best known brands. We compete with Britain's biggest retailers at their own game, in their own back yard using a workforce they overlook. Ours is a story of David versus Goliath in which David wins every day.

### Our employees' story is our story

Social businesses with real social impact have increasing importance as the current level of charitable giving and funding surely can't be sustained. Our mission is to support the helpless and those in need of hope. Everyone has strengths and we must enable them to achieve their potential - that starts with a first step.

A decade ago in the social enterprise world, I was both helpless and hopeless, overwhelmed by the social injustice around me and unable to tackle it. Then came the spark from my son's idea and through grants and knowledge, the spark became the eternal flame. Today driven by investment from Resonance the internal flame is a raging inferno.

Our employees' story is our story. The author of the latest chapter is Resonance.

**"EVERYONE HAS** STRENGTHS AND WE MUST ENABLE THEM TO ACHIEVE THEIR POTENTIAL -THAT STARTS WITH A FIRST STEP."

**CHRIS RAWLINS**, **SOFAB SPORTS** 





# **45% DROP IN ROUGH SLEEPERS** due to Government Everyone In scheme<sup>9</sup>

# **FUNDS LAUNCHED**

Despite being in the depths of the pandemic, Resonance launched three new homelessness property funds

- **RESONANCE SUPPORTED HOMES FUND**
- NATIONAL HOMELESSNESS PROPERTY FUND 2
- WOMEN IN SAFE HOMES FUND

# **IN THE NEWS...**

- COVID-19 spreads across the world
- The murder of George Floyd sparks protests across the United States and rest of the world
- The United Kingdom formally withdraws from the European Union
- Microsoft Teams users jumped to 75m and the Zoom app is downloaded 485m times

# **RESONANCE KEY MILESTONES**

### **FUNDS LAUNCHED**

- Resonance Supported Homes Fund launches providing the right homes for people with learning disabilities and autism
- National Homelessness Property Fund 2 launches to provide homes for people experiencing homelessness - initially in the North West before expanding nationally
- Women in Safe Homes fund launches and is believed to be the world's first gender-lens property fund - as a joint venture with Patron Capital

### **INVESTMENT**

- A first for Resonance when a Local Authority pension fund Greater Manchester Pension Fund - invests into the National Homelessness Property Fund 2
- With all staff working from home, the Resonance team provides assistance to investee social enterprises during COVID-19 and works with sector peers to distribute £3.2 million through the Social Enterprise Support Fund to 120 organisations

## 🎽 SHARE OFFER

Resonance assists two social enterprises with their share offers. Mustard Seed Property successfully raises over £600,000 and Co Cars raises over £800,000

## **MILESTONES**

- The Community Share Underwriting Fund achieves successful exit with predicted impact and returns. Over the seven years of the fund a total of £5.1m was underwritten by Resonance, more than £2.7m was deployed directly into nine community projects, unlocking projects with a total value of £30.1m. All loans were repaid and capital returned to investors with their predicted return
- B Corp rates Resonance as "Best for the World" in two key business areas: Governance and Customers. This means that Resonance is in the top 5% of companies of our size worldwide

### AWARDS

[☆]

Resonance Homelessness Property Funds are finalists in the UK Housing Awards

Source 9 Office for National Statistics - Rough sleeping in the UK: 2002 to 2021 82

# **1ST** INVESTMENT FROM LOCAL AUTHORITY PENSION FUND

A RECORD BREAKING 12K SOCIAL ENTERPRISES WERE CREATED IN 2020<sup>29</sup>

### 6.4BN size of the UK social impact investment market<sup>30</sup>

# **SUE SUTTON** SALIX HOMES

### **A Common Objective**

Let Us, the Greater Manchester Ethical Lettings Agency, was created through a partnership of housing providers delivering lettings agency services in the private rented sector. In recognition of the shared ambitions to improve standards and remove financial barriers to private sector housing, the providers came together as a partnership to maximise our impact. Around six months

after the launch of Let Us we commenced discussions with Resonance. We identified a common objective; to work in partnership to improve access to good quality, well managed homes for people who really need them.

The housing market in Greater Manchester has never been under so much strain, and innovative solutions to generating housing supply and improving access to homes are urgently needed. The Resonance model is an ideal solution to this challenge, attracting ethical investment to improve the quality of homes in the private rented sector while generating tangible benefits for households and communities.

Let Us worked together closely with Resonance to adapt their existing model to reflect the local challenges, taking into account the specific attributes of the housing market in the region, the demand for homes and the management models applied by the Let Us members. This collaborative approach ensures that the right homes are acquired to meet the needs of Greater Manchester people.

### Making a real difference to more people, more quickly

Working with investors such as Resonance that are seeking reliable yields over a longer period, is a fantastic opportunity which allows us to lease properties for ten years, enabling our tenants to call their house their home for the long term and put down roots in the community. This is absolutely vital in improving the whole lives of our customers and not just meeting their housing needs. The model also enables us to continue to offer homes at affordable rent levels to our customers for the lifetime of their tenancy.

Working with Resonance has been a bit different for Let Us, as historically the members have worked with existing landlords, often with smaller property portfolios. Working with Resonance presents a different approach whereby we can shape the acquisition of properties to ensure that the financial investment has the greatest social impact, and the large fund size means that we can develop the portfolio more quickly and efficiently by working with one landlord throughout the lease term

As a partnership we are passionate about increasing the supply of social housing, however the demand for affordable homes continues to outstrip supply and development timescales are lengthy. The collaboration with Resonance enables us to make a real difference to more people more quickly.





# ON AVERAGE, THE LIFE EXPECTANCY OF WOMEN WITH A LEARNING DISABILITY IS 18 YEARS SHORTER THAN FOR WOMEN IN THE GENERAL POPULATION<sup>32</sup>

### **ANDY BURNHAM GREATER MANCHESTER COMBINED AUTHORITY**

### Delivering new homes for those who need them most

Here in Greater Manchester we are committed to ensuring that the investments we make can achieve the biggest, most positive social impact possible.

Over the years we have worked closely with Resonance to deliver good quality homes for rough sleepers, those at risk of homelessness, and people with learning disabilities, autism and mental illness, enabling them to lead more independent lives here in our city-region. In 2022 alone, our investment is expected to deliver more than 100 new homes for those who need them most.

Where there's a need to provide quality homes adapted to a wide variety of requirements, we want to make sure that we're working together with the private sector and social impact fund managers to meet that need, and create real social value with the investments we make. Never was that more important than during the pandemic, which shone a light on some of the stark housing inequalities that still need to be tackled. The way we do that is through cross-sector collaboration - driving investment, creating good jobs, and delivering quality homes in Greater Manchester. I'm pleased to say that Resonance has been a key partner in that effort.

### **TIM COOPER UNITED RESPONSE**

Working with the Resonance Supported Homes Fund is a true partnership. Working with organisations that have shared values makes a real difference, this includes the

The motivation of the fund is driven by delivering positive social impact. To provide good quality and

sustainable housing solutions for people who have had very limited options. To ensure people live in places where they can live full lives as part of their community.

We can be confident that Resonance will carefully ensure that all properties are compliant with high safety standards.



# **RESONANCE KEY MILESTONES**

### **FUNDS LAUNCHED**

Resonance Supported Homes Fund launches providing the right homes for people with learning disabilities and autism. Its seed investors were Big Society Capital. Greater Manchester Combined Authority, Barrow Cadbury Trust and its initial housing partners Reside Housing Association and United Response. The fund aims to purchase around 275 properties and provide 500 people with long term homes

**THE RESONANCE SUPPORTED HOMES FUND WAS MANY YEARS IN DEVELOPMENT FOLLOWING THE RESONANCE** WINTERBOURNE REPORT, AND **STEPHEN BUBB'S REPORT, BOTH PUBLISHED IN 2014. THESE REPORTS PAVED THE WAY FOR A SOCIAL IMPACT INVESTMENT SOLUTION TO THE PROBLEM OF INAPPROPRIATE HOUSING** FOR PEOPLE WITH LEARNING **DISABILITY AND AUTISM.** 

investors

31 Hogrefe Ltd - Autism in the UK: prevalence, assessment and the impact of the Covid-19 pandemic 32 Mencap - How Common is Learning Disability? 2021 33 MENCAP - Health inequalities 2021 34 Mencap - Paid employmet 2020



### **6% OF ADULTS WITH A LEARNING DISABILITY**

and known to their local authority were in paid employment in England in 2017/18, compared to **76% of people aged 16-64** in the general population<sup>34</sup>



APRIL-JUNE 2020 SAW A 65% INCREASE IN CALLS TO THE NATIONAL DOMESTIC ABUSE HELPLINE COMPARED TO JANUARY-MARCH OF THAT SAME YEAR.<sup>35</sup>

> THE WOMEN IN SAFE HOMES FUND - THE WORLD'S FIRST GENDER-LENS PROPERTY FUND



### JULY-SEP 2021, 6,310 HOUSEHOLDS WERE REGISTERED AS HOMELESS DUE TO DOMESTIC ABUSE. AN INCREASE OF 34% FROM THE SAME PERIOD IN 2019.<sup>36</sup>

# TRACY BLACKWEL REFUGE

The potential of our partnership is exciting

Refuge has been working with Resonance on the Women In Safe Homes Fund for a couple of years now and we are excited about the potential of our partnership. Social impact investing is hugely important for a charity like ours. As the largest specialist provider of domestic abuse support services in the country, Refuge knows first-hand how the housing crisis and a shortage

of affordable, high-quality housing affects women and children fleeing domestic abuse.

Rising rents, unsafe housing and a lack of funding are some of Refuge's biggest concerns. Survivors of domestic abuse face many barriers when escaping abuse and we know housing is one of the biggest issues. At Refuge, providing emergency accommodation for women and children fleeing domestic abuse is one of our most important principles, it is vital that this housing is safe, affordable and high-quality.

### Facing unprecedented demands

Resonance supported Refuge to source our first property during the pandemic. This was the toughest time in Refuge's fifty-year history, with unprecedented demand on our frontline services. Calls and contacts to our National Domestic Abuse Helpline – the gateway to domestic abuse services all over the country, rose by over 60% during the first three months of lockdown in 2020. Never had the issue of women's safety and domestic abuse been more paramount. Even now as we emerge into a "new-normal" post-pandemic, demand for our services continues to be at an all-time high.

There is a shortage of appropriate high quality refuge buildings. Our partnership with Resonance gives us control over what our buildings look like, ensuring our emergency refuge accommodation is high quality, fit for purpose and designed with survivors' comfort and safety in mind. Resonance purchased our first building in 2021, with plans to renovate it to provide a refuge that can support seven families, with staff located on site. We have worked closely with Resonance on the design and specification, learning from each other along the way. Securing the right building in the right area and having financial security to see out a longer term vision enables us to work with commissioners to secure funds to provide specialist support to women and children. And with the Domestic Abuse Act 2021 comes a statutory duty for local authorities to provide safe accommodation. The Resonance social impact investment model will be even more important in helping organisations such as Refuge meet the growing demand for safe accommodation buildings. Thank you Resonance for the journey so far and we look forward to continuing to work with you.



# ELIZABETH CORRADO

I first met Dan 10 years ago in 2012 as he led the design and fund raising for the first of Resonance's pioneering property funds, the Real Lettings Property Fund. I observed how his vision inspired and informed the early development of the social property market. I subsequently worked together with Dan and his team to fund and support the design of a community asset development fund focused on income-generating



assets which became Resonance Community Developers. I served as an Investment Committee member of the City of London £20m social investment fund which evaluated and invested in each of Resonance's funds and I am now delighted to work as a member of the all-women Senior Board of Advisers for the Resonance Women In Safe Homes Fund.

With the significant growth in social and impact property funds, Resonance has a critical role to play in serving as an exemplar and setting the bar in terms of the creation of additional and attributable positive social outcomes and long term impact for residents and local communities.

# **RESONANCE KEY MILESTONES**

## FUNDS LAUNCHED

- The Women In Safe Homes Fund believed to be the world's first genderlens property fund - launches as a joint venture with Patron Capital. The fund aims to purchase over 650 properties and provide safe housing for over 6,000 women over its lifetime
- The Women In Safe Homes Fund appoints an all-women Advisory Board

### INVESTMENT

 The MacArthur Foundation and Lostand Foundation are seed investors into the Women in Safe Homes fund - the first US investors in Resonance's property funds





### E250M IMPACT FUNDS UNDER MANAGEMENT

# 2021

### 274K+ PEOPLE

are homeless in England, including 126K children<sup>27</sup>

### **2,700 PEOPLE**

in England are sleeping rough on any given night<sup>27</sup>

# **RESONANCE KEY MILESTONES**

### **FUNDS LAUNCHED**

- Resonance Everyone In Fund
- Resonance Community Developers

# PEOPLE

Tim Pope joins Resonance board as a non executive director

## COLLABORATION

• Working together with four of its sector peers, Resonance distributes £3.2m through the Social Enterprise Support Fund to 120 organisations needing extra support through the pandemic

## PARTNERS

• The number of housing provider partners grows to over 20

## INNOVATIVE

- The Women In Safe Homes Fund appoints an all-women Senior Board of Advisors to provide support, knowledge, lived experience and perspective to the fund to ensure its success in creating positive impact for women.
- Big Society Capital and Schroders launch the Schroder Big Society Capital Social Impact Trust plc, listing on the stock exchange

### **DAVID WALTON** DEVELOPING HEALTH & INDEPENDENCE (DHI)

### **Turning lives around**

The challenges and uncertainties facing vulnerable groups feel more pronounced than ever. The cost of living crisis coupled with the pressures of the last two years means demand for our services never been higher, and we expect that demand to only increase. But

through innovative, solution focused work we believe we can continue to deliver impactful support that transforms lives.

Our services help people to recover from drug and alcohol misuse and tackle the issues and complexities linked to improper housing and homelessness. We believe that if people are given a safe and affordable home along with the right support, they can move on from the experiences that led them to access our services in the first place and achieve their full potential.

### Working in partnership with Resonance

We first heard about Resonance's work during the launch of the National Homelessness Property Fund in Bristol. In 2020, we were looking to significantly scale up our social lettings agency 'Home Turf Lettings' and the opportunity arose to take on the management of Resonance's Bristol portfolio. We've now taken on the management of this portfolio comprising ninety-nine properties and are successfully working in partnership with Resonance.

We are also in the process of launching a really exciting project with Resonance that will provide supported accommodation to thirty-four former rough sleepers in homes right across Bristol. We've developed a great working partnership, based on a shared social purpose and set of values that clearly align.

### The impact of Resonance

There is a real lack of social housing and affordable private rented options in the areas we work within. As a result, many vulnerable people, including families and children, are stuck in insecure and sometimes unsuitable accommodation, or even, in the most extreme circumstances, forced to sleep rough. In these situations people are often unable to address support needs. Physical and mental health can deteriorate and it becomes increasingly difficult for people to achieve their potential and move on.

Resonance targets investment to tackle these issues and has delivered at scale. Their work is underpinned by a clear theory of change and a commitment to ensuring that properties act as a platform for residents to turn their lives around. This creates an ongoing legacy for every person that lives in one of these homes.

### The future of impact investing

Sadly the cost of living crisis and the withdrawal of COVID-19 benefit uplifts is putting ever increasing pressure on many of the people we support. This is happening in real time and the response of organisations like DHI needs to be as swift and targeted as possible. Impact investment can respond to these issues quickly, and at a meaningful scale.

We feel that by working with Resonance we can respond meaningfully to these systemic challenges and help even more people to make real changes in their lives.





## JOHN WILLIAMS RESONANCE

### **Early learnings**

I joined Resonance in late 2012, and feel a massive amount of pride in watching the business grow from five people to fifty people strong over almost ten years with each and every one of us all focused on delivering positive impact to people using investment! Coming from a corporate and investment banking background the term "social impact investment" was new to me at

first, but once Daniel and Simon opened my eyes up to this new way of working I didn't hesitate in leaving my corporate banking role to support Simon in building our social impact fund management business. I had also been involved in property development, so I was enormously excited to be part of the team to launch the first two Resonance Community Asset funds: Community Share Underwriting Fund and the Affordable Homes Rental Fund. From this beginning our aim was to develop and launch the first homelessness property fund and I worked closely with the team at St Mungo's to make this a reality. Once the funds were launched, it was critical that we grew the infrastructure to support them, which meant a bigger team. We needed people to source properties out in the community, negotiate the purchases and carry out the necessary refurbishments.

St Mungo's were a determined and resourceful partner and we worked well together. They taught us so much about the difficulties faced by charities and housing partners that needed more homes in order to meet the ever increasing demands being made of them, whilst the number of social homes available was diminishing. We also worked hard to secure the first London local authority investment into the fund - trying to convince them that social impact investment could assist them in meeting their housing obligations. We were delighted that Croydon Council was the first local authority of many to invest. Thirteen local authorities have now invested (or committed to invest) a total of £190m in our impact property funds – many of them returning to make second and third investments.

### We were still a tiny voice

The Real Lettings Property Fund 1 closed with £57m of investment and purchased around 260 homes around London. From the experience we gained in managing this fund, we knew that to make an even greater difference to tackling homelessness we would need to develop bigger funds.

It seemed to make sense having rolled the fund out successfully in London, that we should expand the successful formula out to other areas in the UK that faced similar challenges. We agreed to expand into two other regions, in addition to Greater London: the South West and the South East. This idea of 'place-based investing' has become more mainstream, and we like to think that we have been pioneering this for years with our property funds. In order to expand the geographical reach of the property funds, we also needed to partner with housing provider partners in these new regions. This has been a key focus of mine over recent years, alongside working with local authorities. I was also responsible for looking for a wide range of impact investors that had shared values and aims, as well as looking for a risk-adjusted return, such as local government pension schemes. One of my highlights has been seeing the first investment from a pension fund into one of Resonance's funds, when Greater Manchester Pension Fund invested £10m into the National Homelessness Property Fund 2.



Both the growth in funds under management and our number of staff have grown at a steady rate since 2013, as we launched new funds and brought in new members of the team across all our departments. We also expanded our property team, bringing in more people with experience to help us grow the funds in such a way that they would become more attractive to larger institutions. The biggest rise in our funds under management came between 2020 and 2021 - during the pandemic - when we launched four impact property funds, a truly amazing team effort. Having discovered that place base investing is an effective way to deliver homes in areas that are experiencing real need, it became clear that adopting a focus to address specific groups that face especially tough challenges in housing, would also be a practical solution. Hence the development and launch of the Women in Safe Homes fund, the world's first gender-lens property fund providing housing for women experiencing homelessness or who are survivors of domestic abuse. We developed this ground-breaking fund in partnership with Patron Capital

### **Ordinary homes on ordinary streets**

The Resonance Supported Homes Fund was also launched, after years of work following the publication of reports released after the Winterbourne scandal, to provide supported homes for people with learning disabilities and autism.

I am so pleased that at the time of writing we have reached the milestone of £300m of funds under management, working with more than twenty housing partners, in a number of regions across the UK. But we are not going to stop there. We will continue to work with investors and housing partners to help ensure that we help reduce the number of people currently sleeping rough, sofa surfing or in hostels, providing them with a safe, secure and affordable home that will be the stepping stone to helping them move on with their lives. I'd like to thank my colleagues at Resonance who have never stopped believing in what is possible and work so hard to achieve it. Also the amazing housing partners and investors I have had the joy to work with over the years too. As Managing Director of Property Funds I am dedicated - and excited - to be starting on the journey to the next twenty years.

# **FIRST TENANTS**

**FIRST TENANT - August 2021** National Homelessness Property Fund 2 purchases its first property, a 1-bed home handed over to its housing provider partner, Let Us.

### FIRST TENANT - July 2021

Resonance Everyone In Fund launches, backed by the Mayor of London, finding affordable homes for rough sleepers, after it became apparent that this group were particularly vulnerable to COVID-19. The Resonance Everyone In Fund purchases the first of sixty 1-bedroom and studio apartments in the capital and starts housing tenants - with support services provided by Nacro

### FIRST TENANT - Autumn 2021

Resonance Supported Homes Fund buys and refurbishes its first shared 4-bedroom property for housing partner United Response. Three tenants (friends who have previously lived together) move in

# **IN THE NEWS...**

- The COVID-19 vaccine is rolled out
- Joe Biden is inaugurated as President of the United States
- The container ship Ever Given obstructs the Suez Canal for six days
- Keir Starmer is elected as the leader of the Labour Party

"This house is security, providing a home for my family. Temporary accommodation serves a purpose, it helped me when I was homeless, but this is a new start where I can make a home."

37 Greater Manchester Combined Authority 2021 38 UK Parliament House of Commons Library 2022 6 GOV.UK - Live Table 600: Numbers of households on local authorities housing waiting lists by district: 2021

### **JULIE'S STORY PROPERTY FUND TENANT**

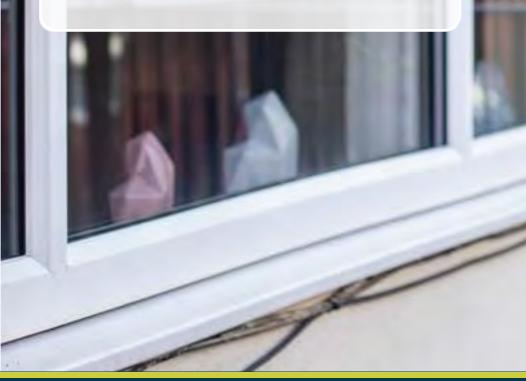
Julie and her daughters are some of the very first tenants to be housed by National Homelessness Property Fund 2.

For the previous two years, they had been living in temporary accommodation in Greater Manchester. This was been a challenging time for Julie and her family because they were moved to an area unfamiliar to them, away from their friends, family, school and support networks.

In August 2021, they moved into their new home, back in the local community where they lived previously, and where Julie's daughters go to school. Their home is a two-bedroom apartment, close to many local facilities, green open spaces and good public transport.

"I'm from Reddish and have always lived in the area. I have three children, including twin daughters who are at school locally. But when we lost our home, we had to move out of the community we lived in, and struggled living in a new area.

"This home is a new start. We are back living in an area where I feel safe, back to where I have doctors, friends and family. We have all the tools to begin again. Schools are close, the children are happy; we have everything available to make this successful. And my mental health and depression have improved already."



90



C 1.1M HOUSEHOLDS in England on social housing waiting lists<sup>6</sup>



# **RESONANCE KEY MILESTONES**

### MILESTONES

- £300m of funds under management
- Real Lettings Property Fund 2 is fully deployed, having raised £98.5m, purchased 334 properties and housed 679+ people.
- The Women in Safe Homes fund attracts 10 new impact investors taking the overall fund size to over £26 million this includes the Church of England's first ever social impact investment
- The Women In Safe Homes Fund buys its first property for housing partner Nacro

## **AWARDS**

- The Resonance Everyone In Fund is highly commended in RESI Awards for Best Residential COVID-19 Response
- Shortlisted in the LGPF LAPF Awards in the 'Impact Manager Of The Year' category for our property funds
- Highly commended in Property Week's RESI Awards 'Social Impact' category 'Best COVID-19 Response' for our property funds



## MATT'S STORY PROPERTY FUND TENANT

### Technically homeless and sofa surfing

I started my working life in the Royal Navy. After I left I did quite a few jobs, here, there and everywhere. Eventually I decided to move to Madrid, and was there for five years teaching English, but then decided to come back for various reasons.

I was 54 when I moved back in with my parents who were elderly. I had stayed with them four to five weeks before it was quite obvious that I wasn't going to be able to stay there very long. I just told them I was going back to Spain, because it kept everything nice and calm and stopped them from worrying too much. But I didn't and I ended up becoming technically homeless.

I decided to get in contact with some friends of mine and I literally sofa surfed for five to six months. But I was running out of friend's sofas that I could use. I didn't want to be out on the streets and was telling my parents that I was still in Spain. So, I decided - because I'm from the area - to go to Heathrow having found that there's quite a few homeless people that used to come into the airport in the evenings once the security had left.

I got talking to a couple of homeless people. And they said, it's a good idea to come to the airport if you haven't got anywhere to sleep. Simply because it's safe, it's warm. There are shops that are open 24 hours, and you can be safe there to tuck yourself away in the corner.

So, I thought I'd give it a go. And I was there for about a year I suppose in and out, sleeping there deciding never ever to go out on the streets. That just wasn't me at all.

I found myself within a group of people who would congregate around the terminals and sit and drink cups of tea and coffee and fall asleep, and in the mornings go to libraries, go to McDonald's, sit and then come back to the airport in the evenings. So, it was okay. It was safe. It was warm, and it was out the way.

### But I was very much thinking, how am I going to get out of this

And then the pandemic hit. And you know, we just couldn't sit around the airport, it was difficult to keep social distancing. So, they brought in outreach workers to the airport, St Mungo's being one of them. We were all taken to various hotels in and around London, which was a godsend, to be honest. The hotel I was in, was one of the smart Travelodge hotels, because my needs were low level. I spent three months there in central London.

"When I came upstairs and opened the front door, with my housing officer, from St. Mungo's, I was really, really surprised. I walked in the door, and I was absolutely astounded at the standard of it. It was brand spanking new." After that I was moved to a halfway house hostel type accommodation. I think I was there for literally three weeks when an opportunity came up through the outreach workers at the hostel, who said they've got a place, which might be suitable for me as permanent accommodation. I was a bit wary because I hadn't been able to see it, either online or in person. But then I came here. And it's been fantastic. It looked fantastic when I arrived. And I'm more than happy with it.

When I came upstairs and opened the front door, with my housing officer, from St. Mungo's, I was really, really surprised. I walked in the door, and I was absolutely astounded at the standard of it. It was brand spanking new. Everything, all the furniture was new. In fact, a lot of it was still in its wrappers. And it's been fantastic, I've got it how I want it. I've bought various items for the flat, it's worked out very well. And I'm really, really happy.

### Having my own space has been a really good thing for me

I generally tend to do well, when I'm on my own and sort out my own routine. I've got everything close by either a bus ride away, or shops are literally a five minute walk down the road. And basically, having the space and being able to sort myself out has been a wonderful experience.

The local area is actually well connected. There are a couple of tube stations, with good connections into central London, within a twenty minute walk so it doesn't take me very long to get into work in central London.

There's a lovely nature reserve, Brent Reservoir, not far away. And I can walk literally fifteen minutes and get to a lovely park area. And I've got parks just behind me, which are nice, especially in the summer.

I think without this place, it would have been particularly difficult, especially because of the pandemic.

When I was sleeping rough in the airport, I didn't really think I could get out of that situation. But my resolve was to get out of it somehow. And then the pandemic hit. If it hadn't been for the pandemic, I wouldn't be here. I've now got this place. So, pandemic and post-pandemic wise, this place has given me ample opportunity to improve myself and get a job that I enjoy.

When I come in from work in the evening I make myself a decent meal, a cup of tea, sit down in front of the TV or have some music on and consider where I was before this place, falling asleep on really difficult chairs. And now I've got a nice comfy sofa. I'll sit here, close my eyes. And that's it. I'm in the land of sunk!

# **5 THE NEXT 20 YEARS**

R

"AS WE LOOK FORWARD TO THE NEXT TWENTY YEARS, I REMAIN OPTIMISTIC BUT STILL IMPATIENT."

DANIEL BREWER

2226

# **6 THE NEXT 20 YEARS**

# **CONTINUING THE JOURNEY**

Our main purpose at Resonance is to transform lives through investment. Investment into mission-driven social enterprises delivers significant social impact, and our experience since the launch of our first impact property fund in 2013 has been that this model is a powerful mechanism that delivers impact on a big scale.

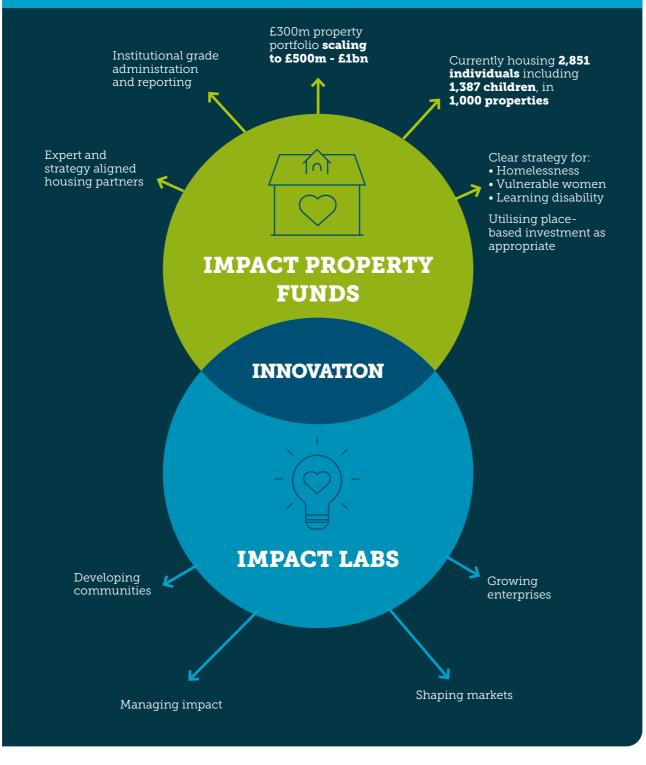
Resonance, in partnership with a number of homelessness charity partners, has acquired homes for people who are either homeless or at risk of homelessness and it is well proven that a safe, secure, affordable home is a vital component in bringing stability to a person's life. It is the stepping stone – a solid base from which they have the space and security to help work on other areas of their lives that may have made them vulnerable to homelessness in the first place.

Whilst extremely important, providing a much needed roof over someone's head is not the end of the story. There are many reasons that people become vulnerable to homelessness and it is surprising how easily it can happen: from unemployment, inadequate skills, training or education to mental health issues, a lack of affordable child care or surviving domestic abuse, to name but a few.

Resonance is an impact property fund manager. What makes us stand out from those that simply acquire and manage properties however, is that we go further. We are proud to work with our carefully selected housing partners that support tenants with wrap-around services and care, from helping them with education and employment opportunities through to supporting them to overcome any addiction or mental health challenges they may have. They do this while tenants have one less thing to worry about – a good quality, safe, affordable home.

Through our 'Impact Labs', we develop, innovate and provide other forms of tailored investment, funding and support to social enterprises. We help shape the products and services of tomorrow that help social enterprises grow their impact, through funding and specialist advice. The enterprises are then better positioned to provide the support needed to their communities and individuals, in order for them to rebuild and move-on with their lives.

# LIFE CHANGING HOMES AND SOLUTIONS FOR PEOPLE FACING CRISIS



TENANTS HAVE ONE LESS THING TO WORRY ABOUT – A GOOD QUALITY, SAFE, AFFORDABLE HOME.

# WE'RE HERE TO SEE LIVES TRANSFORMED

# **A FINAL WORD FROM DANIEL**

### Was it what I envisioned?

The last twenty years have certainly been an adventure. Looking back, was it what I had envisioned? Well - yes and no.

I did think it was possible to build an impact investment fund... though I probably thought Resonance would just build one, that could invest in whatever it wanted. I definitely thought it was going to be an easier journey. I remember being shocked at the cynicism from charity CEOs and the disbelief from investors that you could mix social and financial goals with integrity. I've always seen it in reverse... where's the integrity, without acknowledging the connection between the two? Despite the loneliness of being an entrepreneur I gradually found others that also sensed the investment world needed a reboot: Key Fund, Social Investment Business, Bridges Ventures, Venturesome, the Ethical Property Company, Charity Bank - in various ways, all pioneers of impact investment, and all started around the same time as Resonance. First there is arrogant suspicion that someone else has copied your idea, followed by the deflating sense that you're not doing something that unique after all. And then there's the relief that you are not on your own and the realisation we're much more likely to make a difference together, and ultimately the discovery that impact investing had in fact been pioneered centuries ago. All we had done was rediscover it and given it a new name. It was the challenge and comradery of these colleagues that spurred me on, especially on days it felt like pushing water up hill.

### UK pioneers blazed a trail for the world

It wasn't until the Japanese government invited me to share the UK impact investment story, ahead of their dormant bank account legislation, that I realised how much the UK pioneers were blazing a trail for the whole world. Neither had I recognised how privileged we were to have such a healthy ecosystem including:

- Legal structures for different types of social enterprise including the Community Interest Company, conceived and designed by Stephen Lloyd and colleagues at Bates Wells, stewarded and championed into its useful form by CIC regulator Sara Burgess.
- The first investment tax relief for social investment introduced by Gordon Brown following leadership by Sir Ronnie Cohen, through his chairing of the Social Investment Task Force 2000-2010.
- Big Society Capital the world's first social investment wholesaler originally envisioned by Sir Ronnie Cohen (again) through the Commission on Unclaimed Assets 2005-2007 - made possible under successive governments, and a reality thanks to leadership from Nick Hurd and Nick O'Donohoe.

### People remain our purpose

Resonance is a BSC success story, one of BSC's first investments and now managing more of their money than anyone else. But as we've just about reached their 10% threshold for any one manager, we are looking to bigger pools of capital. Growth per se is not a goal of ours, except for when it makes a difference to people's lives. And the societal challenges ahead of us remain stubbornly large.

Capital serving people and communities has always been at Resonance's heart. It's the overarching definition of how we envisage the future. We're not here to seek our own comfortable existence, but to see lives transformed. If mobilising investment capital can achieve this - by no means a panacea - we are poised and ready to see it safely and sustainably put into the hands of social enterprises. Profit is a necessary side effect of a successful enterprise, but people remain the purpose.

### I'm still impatient

As we look forward to the next twenty years, I remain optimistic but still impatient. The 100,000 families in temporary accommodation, the 2,000 people with learning disability living in hospitals, the two women a week that are killed by partners - these are the people we're dedicated to - investing in life changing homes and solutions for people facing crisis. Our ambition to grow to our first billion pounds of funds under management is premised not on some ego trip to achieve an arbitrary goal, but on the belief that it might begin to make a dent in issues that matter.

However, I'm determined that we'll not only buy and build safe, affordable healthy homes, but we will also harness the power of technology to begin to value with financial alignment the journey away from crisis for the tenants we collectively serve. A friend once explained to me that you can't rescue people, only create space and opportunity. The real impact we enable is achieved mainly by the tenants themselves. Wouldn't it be amazing if we could align our economic and carbon interests around the steps they take towards a life where they can truly thrive independent of us?

There is much to do but we are in great company and gradually those with power and resource are sharing our vision of a world where capital truly serves people and communities. Money is not a prize, it's a tool. Let's use it well!

# My prediction for the next twenty years in impact investing

So how will impact investing look like in another twenty years?

- Impact investing will become the predominant form of investing. I genuinely think that once people see it's possible to generate sustainable financial returns from backing enterprises serving a thriving, inclusive society, it's hard not to want to do more. Of course, there will be grades of impact, but even those wolves in sheep's clothing are in danger of becoming vegetarians once they have to get a taste for it (apologies for metaphor mixing). I think asset owners will move from allocating 2-5% of their resources for impact to 50%+.
- 2. There will be a shift from impact reporting and attribution, where the patronising tendencies in us are desperate to claim credit treating social change as a kind of toxic transaction to be traded. Instead, focus will be on alignment of participants investors, managers, social entrepreneurs, people supported recognising they are all beneficiaries. It's an equivalent shift to the one we are making from linear to circular. We will still need to collect data and share it transparently, but it won't be a one-way flow.
- **3.** Asset owners will focus as much on culture of the firms they entrust their money to, as the business strength. It is frequently claimed that 'culture eats strategy for breakfast' and yet investment decisions and due diligence predominantly ignores the character of people, relying instead on contractual management of mistrust. I admit it's a little utopic, but real impact investment expects that you allow yourself to be part of the transformation process.

Some of this feels naïve as we face climate breakdown, threats of nuclear war and global food shortages whilst emerging from the worst global pandemic in a century. It is a lot for us to shoulder, but I'm inspired by the refugees fleeing conflict, demonstrating unreasonable levels of dignity. If they can do it, what excuse have we not to try?

DANIEL

"RESONANCE PROVIDES A LEARNING EXPERIENCE AND AUTONOMY THAT I'VE NEVER FOUND ANYWHERE ELSE. IN THREE YEARS, I'VE BECOME A PROPERTY PORTFOLIO MANAGER AND HAVE BEEN LUCKY TO WORK ON OUR IMPACT PROPERTY FUNDS ALONGSIDE SOME AMAZING PEOPLE."

**NORA JARADA** 

"AT RESONANCE IT'S BEEN ALL ABOUT THE PEOPLE - COLLEAGUES, CLIENTS, PARTNERS, AND INVESTEES IVE WORKED WITH, HAVE ALL BEEN INTERESTING, ENTHUSIASTIC, COMMITTED AND PASSIONATE."

**BEN WRIGLEY** 

"I JOINED RESONANCE INITIALLY AS AN INVESTMENT INTERN, SUPPORTING TWO SOCIAL ENTERPRISES. WE WERE PRESENTING THE TRUE QUALITY OF THE IMPACT BEING DELIVERED, AND PRIMING MY OWN AMBITION TO GROW THIS SUPPORT OVER THE YEARS."

**JACOB LEE** 

# **ACKNOWLEDGEMENTS**

Thank you to all those that joined us on our journey over the past twenty years. Thank you also to everyone who took the time to contribute to this book.





# **SUSTAINABLE PRINTING**

This book was printed in the United Kingdom at Hampton Printing Ltd, on Forest Stewardship Council (FSC) certified recycled paper sourced from sustainably managed forests. The inks used are vegetable oil based and the coatings are aqueous based. Suitable for recycling. Certified carbon neutral by the World Land Trust's Carbon Balanced Programme.

Hampton are a Platinum Awarded printing company (top 1% in the world) by the World's most trusted business sustainability ratings company EcoVadis.

