



We help social entrepreneurs raise capital

Social impact investing: Why it is relevant for the social housing sector?

IHP International Meeting, London—7 October 2014

Rodney Schwartz, CEO, ClearlySo

Slide 1

RS2

do i mention the european element in the title

Rod Schwartz, 5/8/2014

A new social enterprise and investment model: What are the key components?

- A **social enterprise** does “good”, like any charity, but applies an entrepreneurial, market-based, approach, rather than the traditional charity model



- A **social business** is similar, except it also seeks financial returns as well.



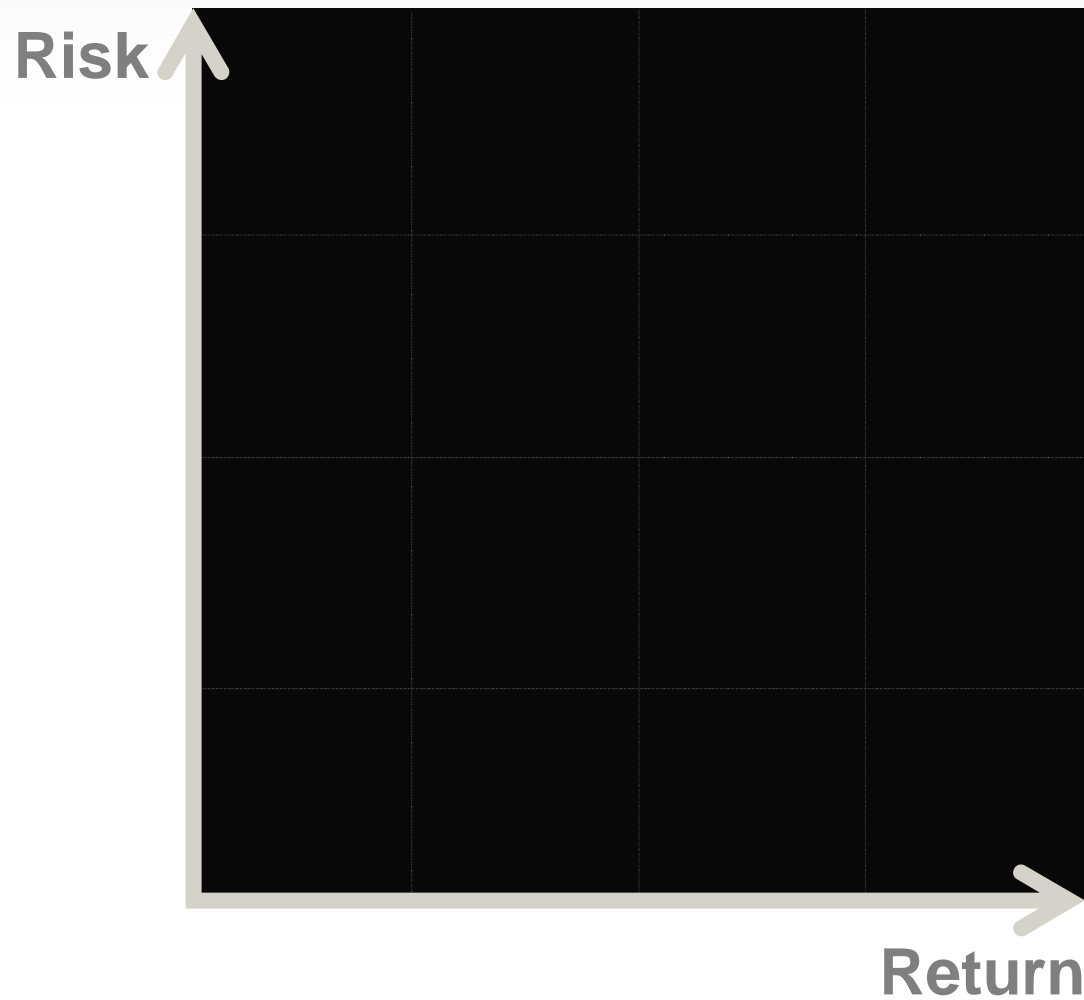
- A **social entrepreneur** runs one of the above



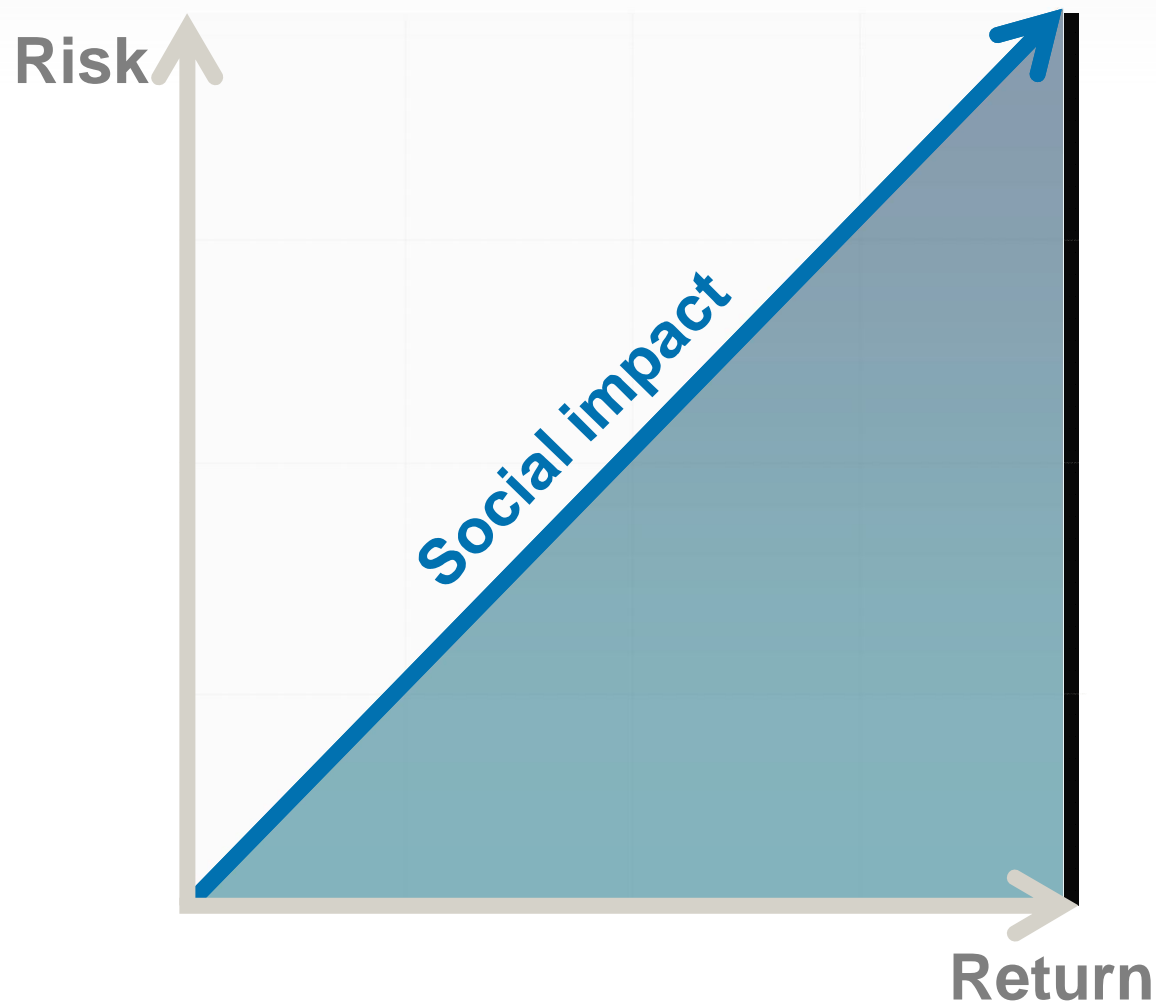
- An investment into either of the two above is what we call a **social impact investment**, and the field of work is called **social finance**

£/\$/€

The world of investment in the 1980s



Today: “3D Investing”



ethical
PROPERTY
INVESTING IN
SOCIAL CHANGE

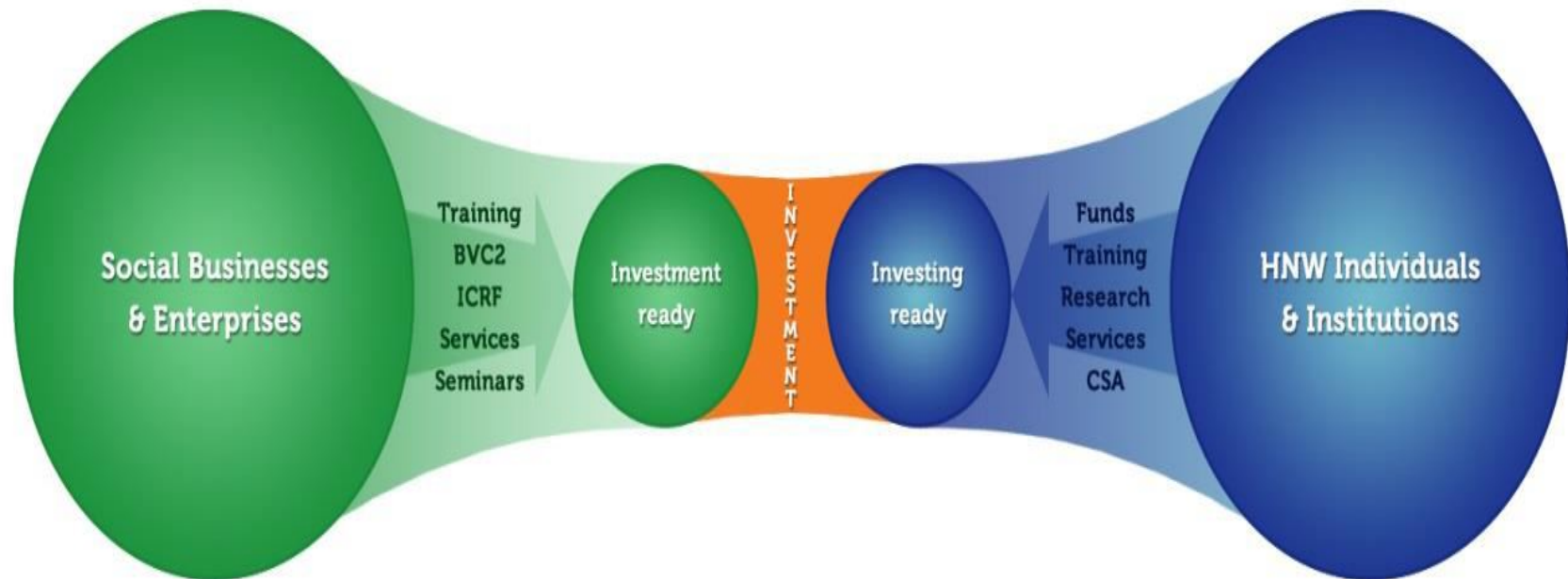
The Ethical Property Company model: Let's assess it in greater detail

- Cheaper capital (Lower shareholder returns)
- Lower paid staff
- Much lower voids than the national averages
- Is transparently traded off for:
 - Lower rents/better terms to social change tenants
 - More environmentally sustainable buildings
 - An ethical business approach

What is ClearlySo's role in fostering this?

**We help social
enterprises and impact
investment funds
raise capital**

You could say ClearlySo is like a traditional investment bank—but with a very different focus; on social finance



Regulated by the FCA. Founded Sep 2008—the month Lehman collapsed!

HCT Group

- www.hctgroup.co.uk is one of the UK's largest social enterprises, which has been existence since 1982; £40+ million of turnover
- Provides bus services now across the UK; modest beginnings in the London Borough of Hackney
- Unable to issue shares due to charity structure and totally reliant on commercial banks for secured finance
- Approached ClearlySo—The challenge was to replace the banks at no extra cost
- **Result was to secure lower cost capital that also had the effect of reducing the cost of all debt in the future**

Housing finance has not always been part of the mainstream

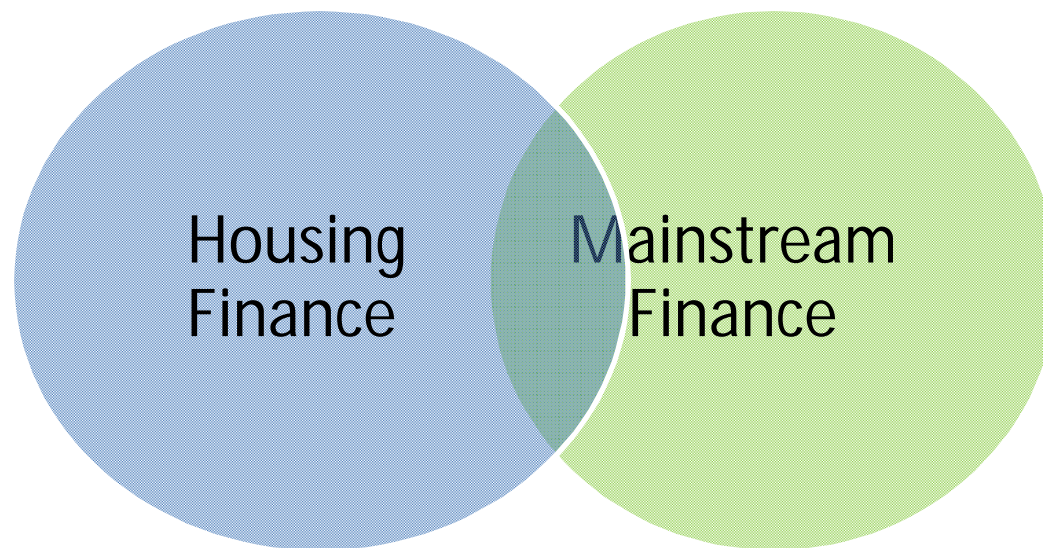


Housing
Finance

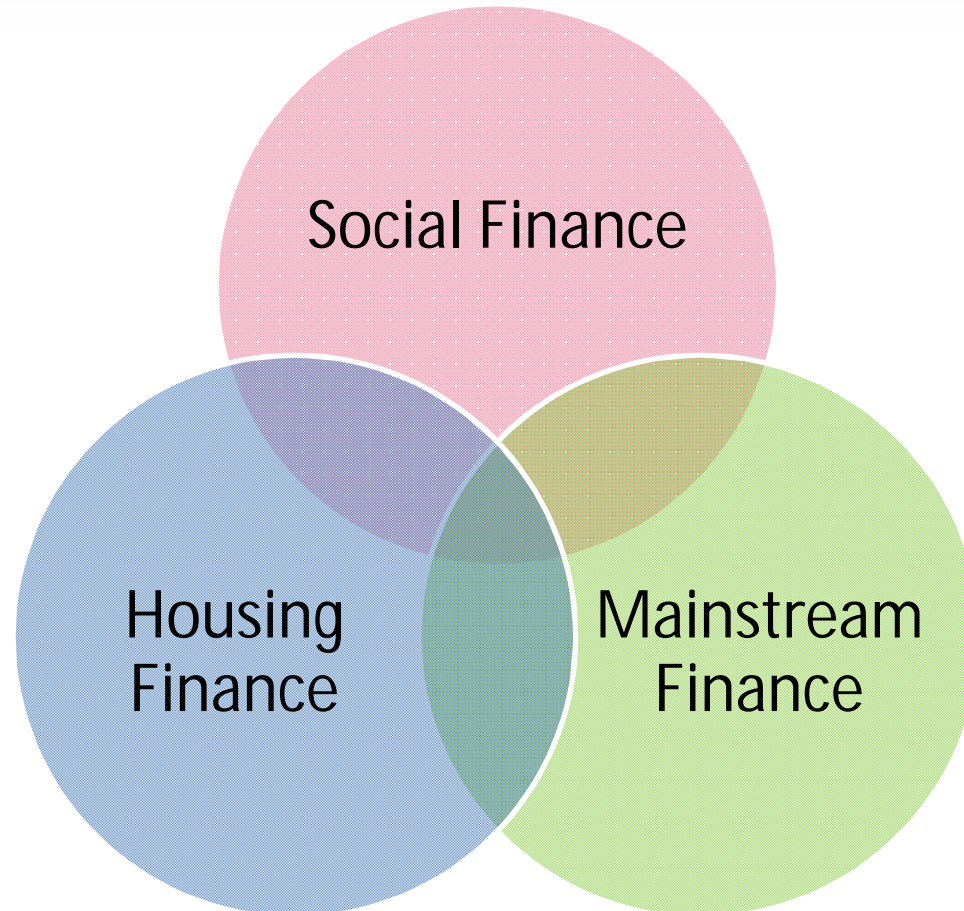


Mainstream
Finance

There has been increasing convergence



Now all three are coming together in a 3D investment marketplace



How can social investment/finance be utilised by your organisations?

- As a new source of capital for community investment purposes
- As a source of patient capital for high social impact housing projects
- As a source of different capital for your main funding activities (incremental capital or for leverage)

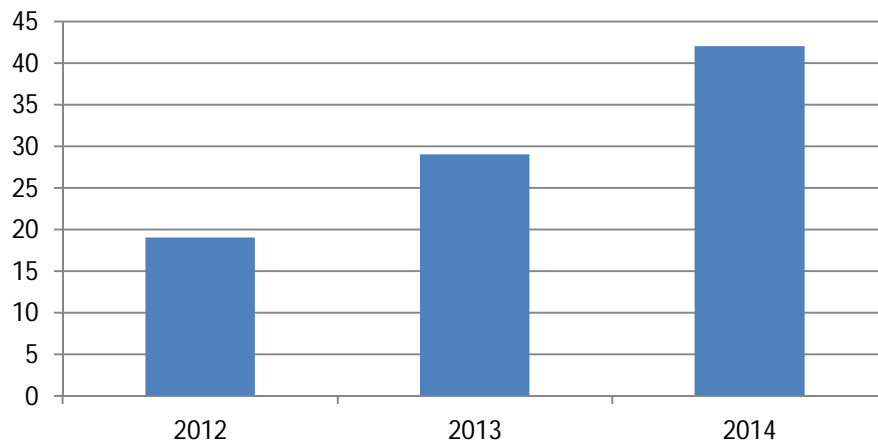
Community development is becoming key

- Builds strong communities
- Internalises services
- Creates jobs
- Acts to reduce delinquency rates
- Enhances the value of your assets

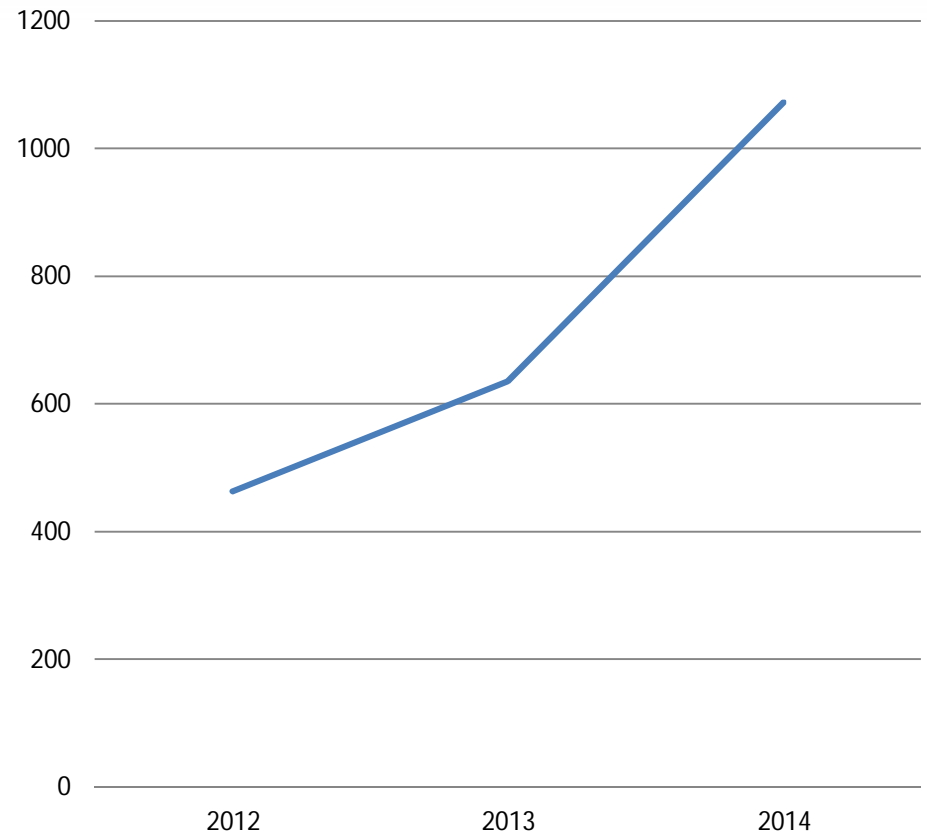
Social impact investment funds available in the UK for community investment

- More than £1 billion of capital available

of impact investment funds



UK Social Investment Funds (£m)



Slide 14

RS6

Use new figures from IM

Rod Schwartz, 5/8/2014

Global momentum

- Many new impact funds all over the world
- US JOBS Act and various SIB type transactions
- EU, EIF and other MNO activity
- The coming of global metrics and guidelines
- Social Stock Exchanges (Brazil, Singapore and S. Africa)
- Social Investment Task Force (OECD/G8)



We help social entrepreneurs raise capital

Thank you

Rodney Schwartz, CEO, ClearlySo

Email: rod@clearlyso.com

Twitter: [@rodneyschwartz](https://twitter.com/rodneyschwartz)

Skype: [rodneyschwartz](https://www.skype.com/people/rodneyschwartz)

Website and blog: www.clearlyso.com

Telephone: +44(0)20 7490 9524

