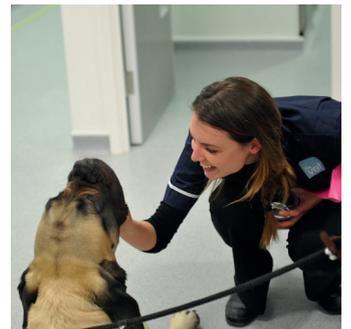
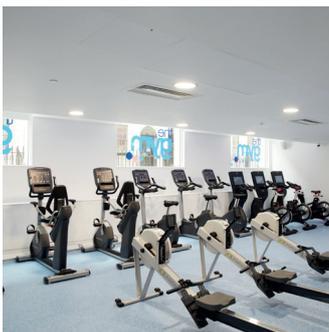


Annual Impact Report
2015
Key Highlights



Value through Impact

We believe our focus on sustainability and impact throughout the investment process helps us build higher-value businesses and thus deliver attractive investor returns

What do we mean when we talk about 'investing for impact'? Put simply: we look for opportunities where our funds can support investable solutions to pressing social and environmental challenges.

The diagram below illustrates how this focus on impact helps us to identify and create value at every stage of the investment cycle – which ultimately delivers better financial returns for Bridges' investors.

First, we look to **select** investments where we think impact and growth can go hand-in-hand; i.e. where creating societal value can also drive financial value (1).

Over time, we've learned to focus on four impact 'themes': underserved markets, health & wellbeing, education & skills and sustainable living. Within these themes, we start by identifying what the specific challenges are; we look at who is being affected, and we establish what kind of support they need that they are not currently getting. Then we ask:

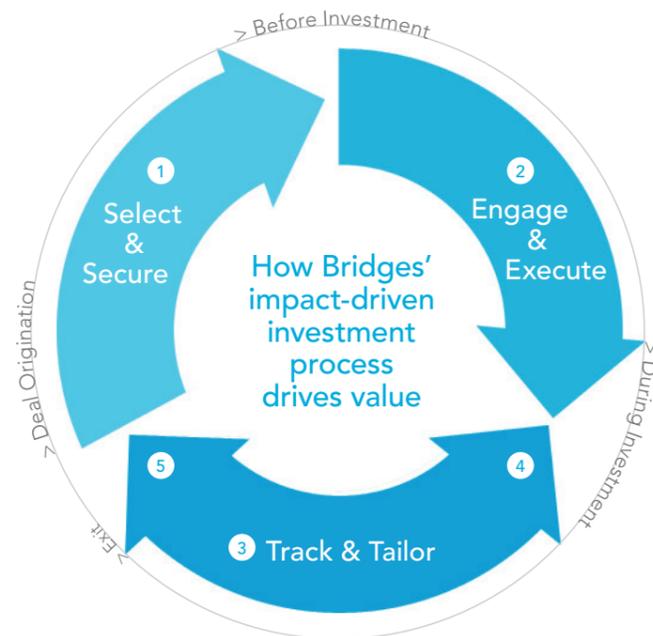
- Can we find an investment that addresses this challenge, either through its product, its location, or its business model?
- Can we identify a suitable partner, entrepreneur or management team to help us deliver it?
- Can we build something together that will ultimately deliver better outcomes within our impact themes?

This approach enables us to spot high-impact opportunities whose growth potential is driven by societal need, often in areas where others are not looking. It also enables us to develop domain expertise in specific sectors and sub-sectors – and to build relationships with management teams, particularly those with a strong sense of purpose in sectors like healthcare and education.

As part of our due diligence, we conduct a thorough assessment of the potential impact risks and rewards. We use this analysis to identify where we may need to protect value – and where we can exploit untapped growth. It subsequently becomes the basis of how we **engage** with business owners, management teams and joint venture partners, as we look to establish and execute our strategy (2).

To further inform this engagement, we **track** the performance of our investments against a set of pre-agreed indicators (3). This data helps to drive timely management decisions (4). It helps our portfolio companies communicate the societal value being created to others (such as customers, employees and suppliers), enabling them to build a strong and sustainable stakeholder base – thus optimising the business for exit. And in the longer term, it helps us invest more effectively, by giving us a better understanding of how to tackle particular challenges (5).

Taken together, this helps us to drive better outcomes and create value throughout the investment process, resulting in better returns for our funds.



2015 Selected Highlights

MARCH
Sale of two care homes for **£20.5m** – the fourth and fifth exits from the CarePlaces Fund, a partnership between Bridges Ventures and Castleoak.

MARCH
Invested in Ways to Wellness, the **world's first health social impact bond**.

APRIL
First investment from the U.S. Sustainable Growth Fund, in Springboard Education, a provider of affordable before- and after-school educational programming.

APRIL
10 top business schools across the US and Europe participated in the MBA Impact Investing Network & Training Programme (MIINT) that Bridges Impact+ runs with the Wharton Social Impact Initiative. More than double this number have signed up for 2015-16.

JUNE
£212m close of the Property Alternatives Fund III, our largest fund to date.

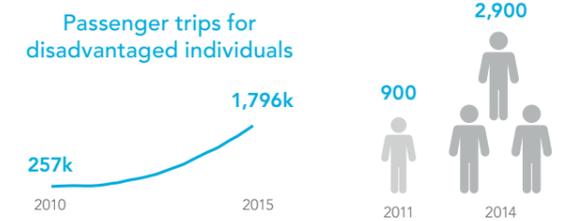
JULY
We were awarded the top UN PRI assessment score of **A+** for our overall approach to responsible investment.

JULY
Two Social Impact Bond investments (of 14 made to date) have successfully completed, fully repaying investors. Both have been recommissioned for a second round of programmes, **a world-first**.

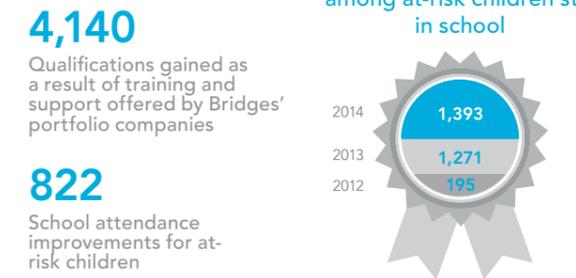
SEPTEMBER
Bridges was the **first UK fund manager to become a B Corp** as the movement launched in the UK, reflecting our commitment to create returns for investors and have a positive impact on society.

NOVEMBER
The Gym Group, which Bridges co-founded alongside John Treharne in 2007, **listed on the London Stock Exchange at a £250m valuation**. The experience informs our first investment in Europe in **Viva Gym**, a chain of low-cost gyms in Spain.

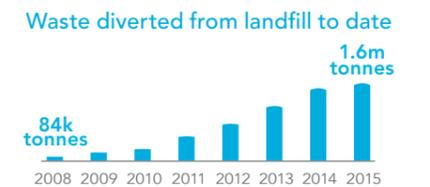
HEALTH & WELL-BEING: People receiving access to high-quality at-home care



EDUCATION & SKILLS: Behavioural improvements among at-risk children still in school



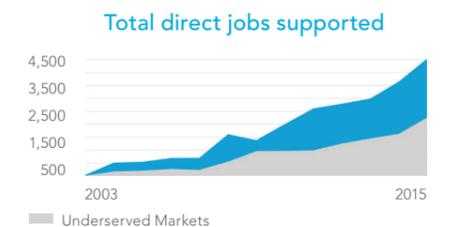
SUSTAINABLE LIVING: Waste diverted from landfill to date



Reduction in CO2-equivalent emissions

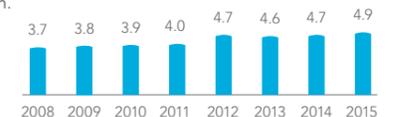


UNDERSERVED MARKETS: Total direct jobs supported



Economic dynamism in underserved markets

For every £1 invested, an additional **£4.90** was spent via local wages and supply chain.



Our Funds

Sustainable Growth Funds

Bridges UK and U.S. Sustainable Growth Funds provide capital for high-growth businesses that are creating impact through what they do, how they do it or where they're located. Through these funds, we have been able to prove to a range of investors that impact really can be an engine of value.



The Vet, Bridges Sustainable Growth Fund III

Property Funds

Our property funds seek investment opportunities where creating social or environmental value – by unlocking the potential of emerging locations, or improving the energy footprints of buildings, or building high-quality care homes for the elderly, for example – also allows us to unlock significant financial value for investors.



The Old Vinyl Factory, Bridges Property Alternatives Fund III

Social Sector Funds

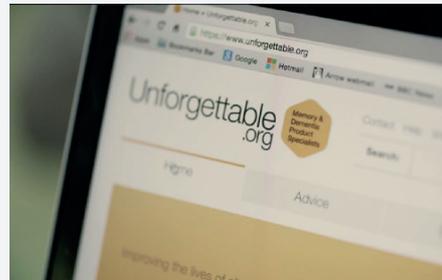
These funds provide financial and operational support to social sector organisations delivering services with high societal impact. The Social Entrepreneurs Fund helps fast-growing enterprises to scale, while the Social Impact Bond Fund, the first of its type in the world, provides up-front capital and support for those delivering outcomes-based contracts.



Community Links, Bridges Social Impact Bond Fund

Bridges Charitable Trust

The Bridges Charitable Trust makes strategic grants or social investments to address aspects of our impact themes where the Bridges funds are not able to invest – such as crisis support, or gaps in market knowledge or infrastructure. It is funded by the Bridges team, who donate 10% of their profits from our other funds.



Unforgettable, Bridges Charitable Trust

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