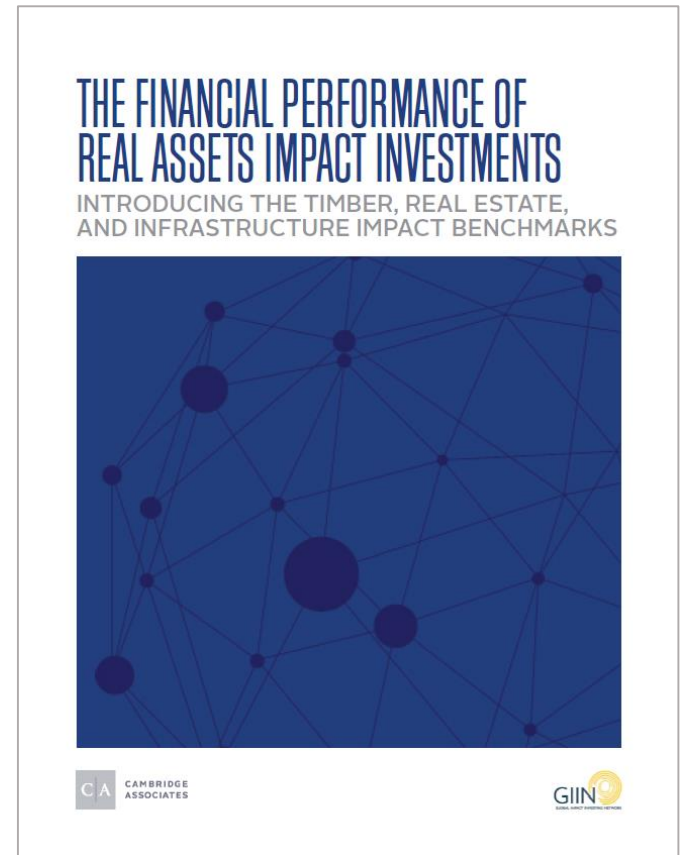


# Real Assets Financial Performance Research Roundtable Session

Aliana Pineiro  
OFN Conference  
September 27, 2017



## Today's agenda

- Overview of the GIIN
- Real assets financial performance presentation
- Q & A
- Round table discussions
- Share discussion highlights

# Global Impact Investing Network



## ImpactBase

- Profiles of 400+ funds investing across geographies, asset classes, and impact themes
- Free access to 2000+ accredited investors



## IRIS & IMM

- A taxonomy of 450+ social / environmental performance metrics
- Incorporated into leading tools and frameworks, including GIIRS and SROI



## Membership

- Investors' Council: 54 impact investing leaders
- Network Members: ~200 members



## Training

- Training for new fund managers, especially in emerging markets
- Topics include: fundraising, fund economics, impact measurement

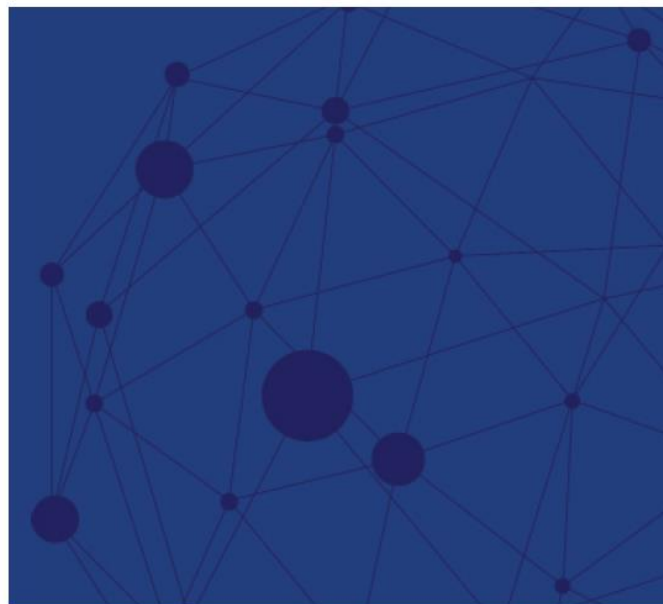


## Research

- Practitioner-oriented research to fill market gaps
- Focus on market studies, performance, and practice

# THE FINANCIAL PERFORMANCE OF REAL ASSETS IMPACT INVESTMENTS

INTRODUCING THE TIMBER, REAL ESTATE,  
AND INFRASTRUCTURE IMPACT BENCHMARKS



CA CAMBRIDGE  
ASSOCIATES

GIIN  
GLOBAL IMPACT INVESTING NETWORK

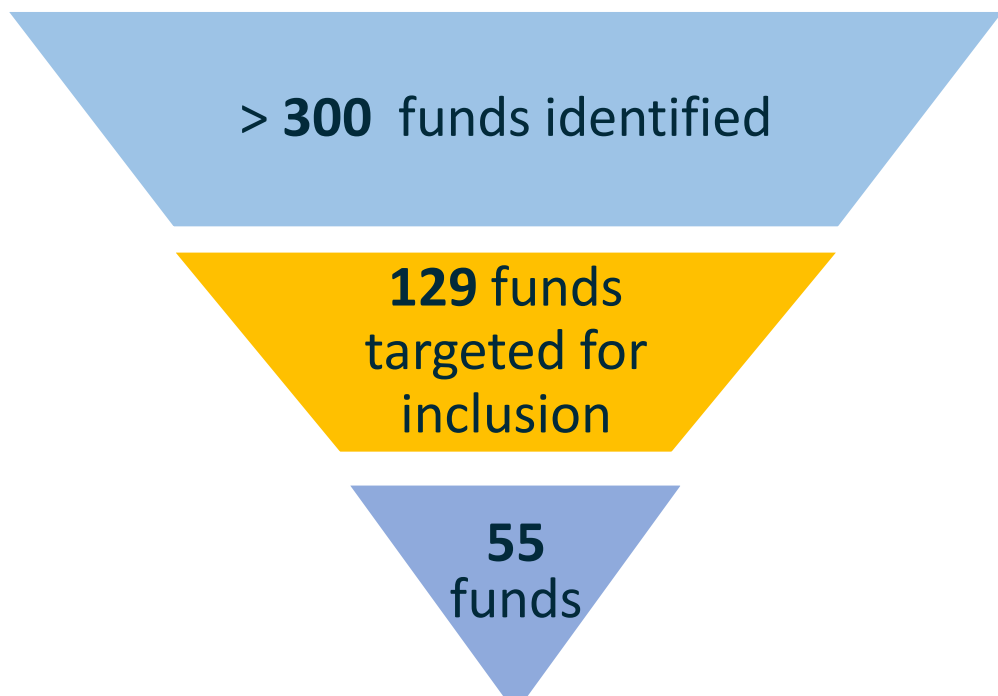
# Methodology

# Data collection – financial performance

## Data Sources



## Data Collection Process



## Data collection – impact objectives and metrics

- Basic impact related data collected from ImpactBase and fund manager impact reports and websites
- Data includes impact objectives, impact measurement system, third-party certification, and impact metrics tracked.

# Sample Characteristics



# Three sector benchmarks

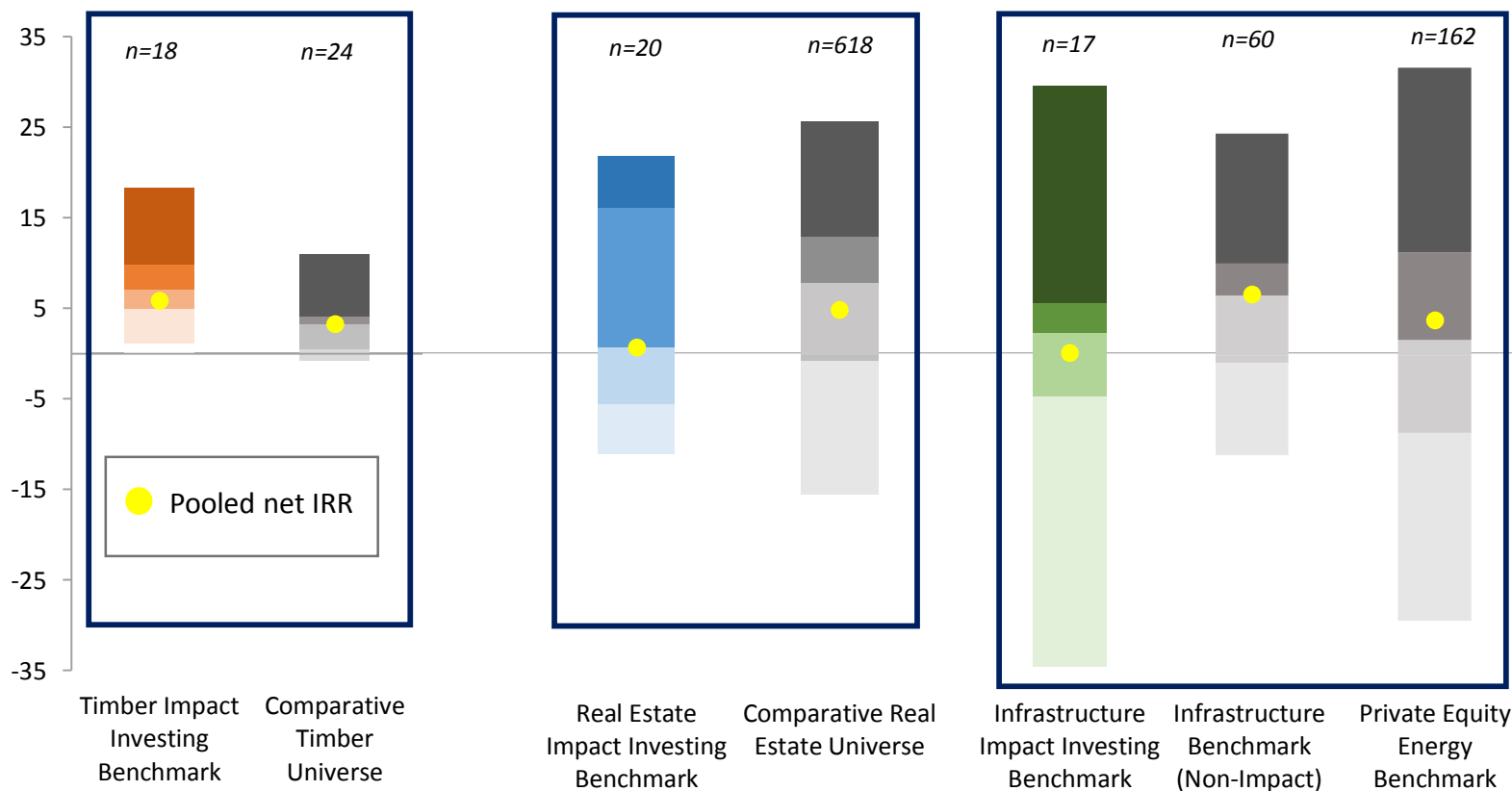
As of June 30, 2016

	<u>Timber</u>	<u>Real Estate</u>	<u>Infrastructure</u>
<b>Number of Funds</b>	18	20	17
<b>Capitalization USD million</b>	4,053	4,657	9,089
<b>Sample Impact Objectives</b>	<ul style="list-style-type: none"> <li>• Sustainable Timber Management</li> <li>• Land Conservation /Restoration</li> <li>• Biodiversity Conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Green Real Estate</li> <li>• Affordable Housing</li> <li>• Community Services</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable Energy Generation</li> <li>• Climate Change Mitigation</li> <li>• Water Resource Management</li> </ul>

# Financial Performance

## Distribution of Fund IRRs Net to LPs by Quartile

As of June 30, 2016 ● Performance (%)



Notes: IRRs are in USD and are net of fees, expenses, and carried interest. Percentile rankings are based on a scale of 0 - 100 where 0 represents the highest value and 100 the lowest.

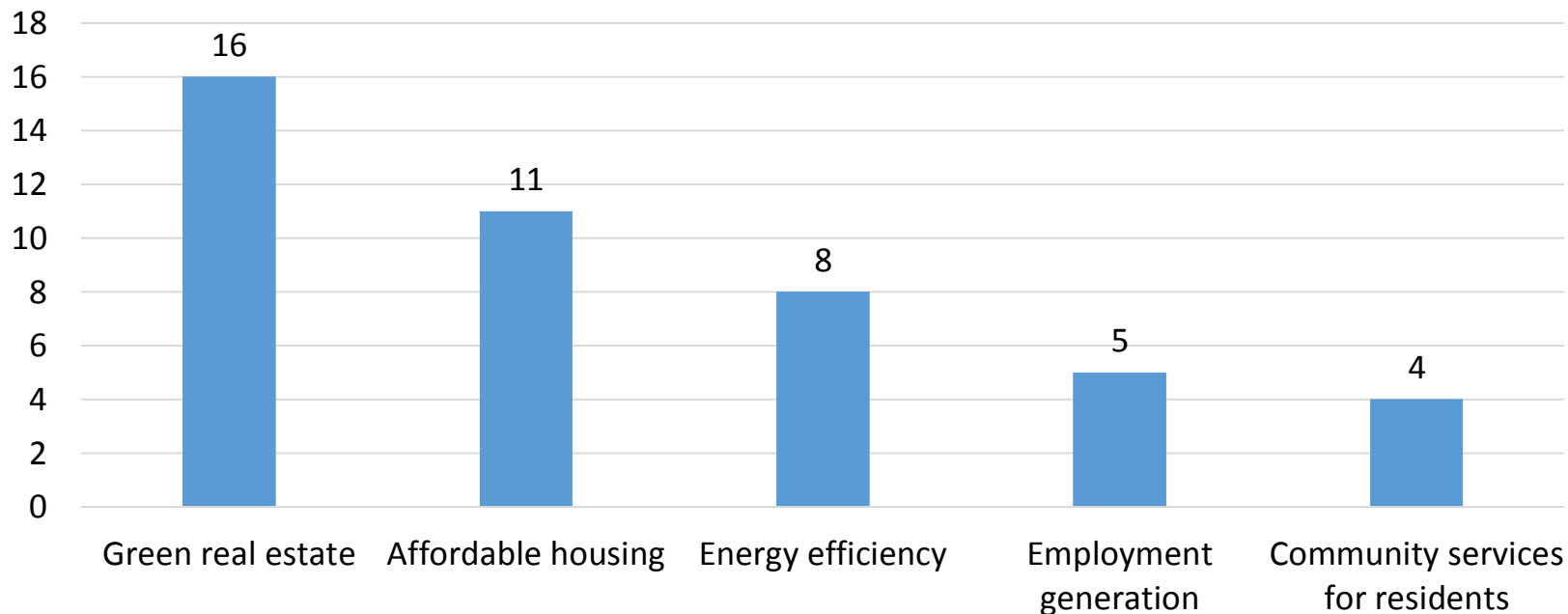
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# Real Estate Impact Investing Benchmark

# Impact Objectives

## Real Estate Top Impact Objectives

n = 20; Funds may target more than one impact objective



# Impact Objectives and Metrics

## Metrics for tracking progress toward impact objectives

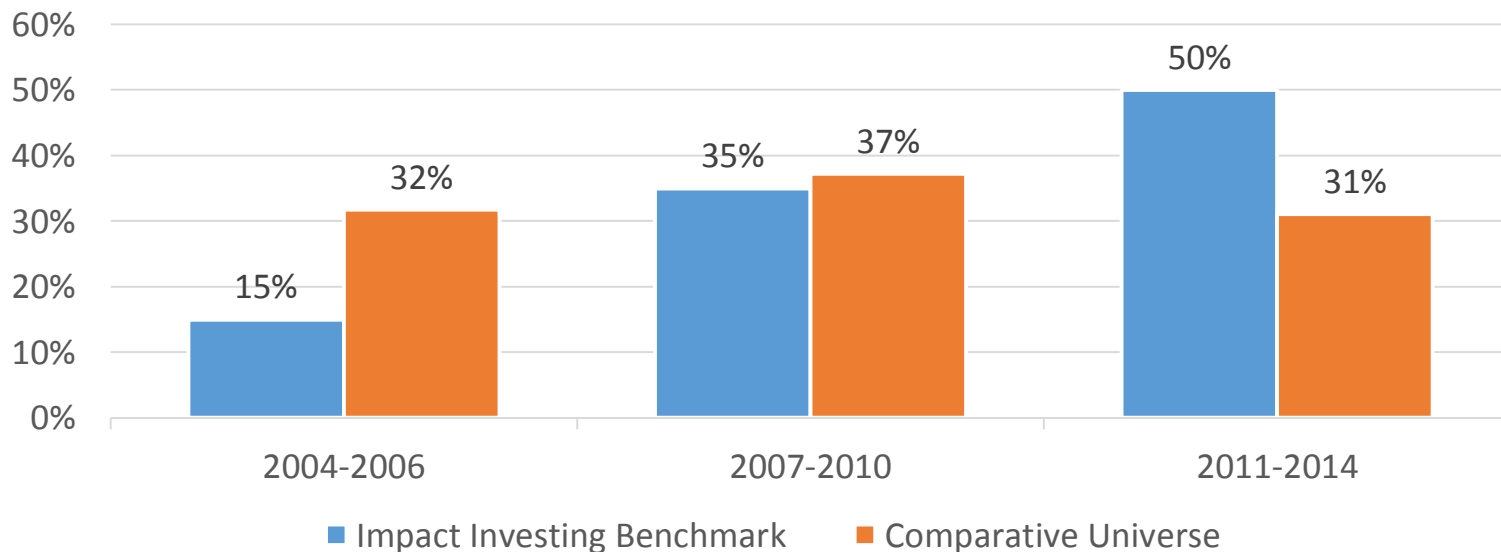
Impact Objective	Metrics used
Green real estate Energy efficiency	<ul style="list-style-type: none"> <li>• Gallons of water conserved</li> <li>• Watts of energy conserved</li> <li>• LEED certification</li> <li>• Watts of energy conserved</li> <li>• Energy Star certification</li> </ul>
Affordable housing	<ul style="list-style-type: none"> <li>• Number of affordable units</li> <li>• Average income level of tenants</li> </ul>
Employment generation	<ul style="list-style-type: none"> <li>• Number of jobs created</li> </ul>
Community services for residents	<ul style="list-style-type: none"> <li>• Number of residents provided with social services</li> </ul>

# Real Assets Impact Investing Benchmark & Comparative Universe Characteristics

Real Estate Benchmark  
 n = 20; Capitalization USD 4,657 million

Comparative Universe  
 n = 618; Capitalization USD 499,630 million

Fund count by Vintage Year

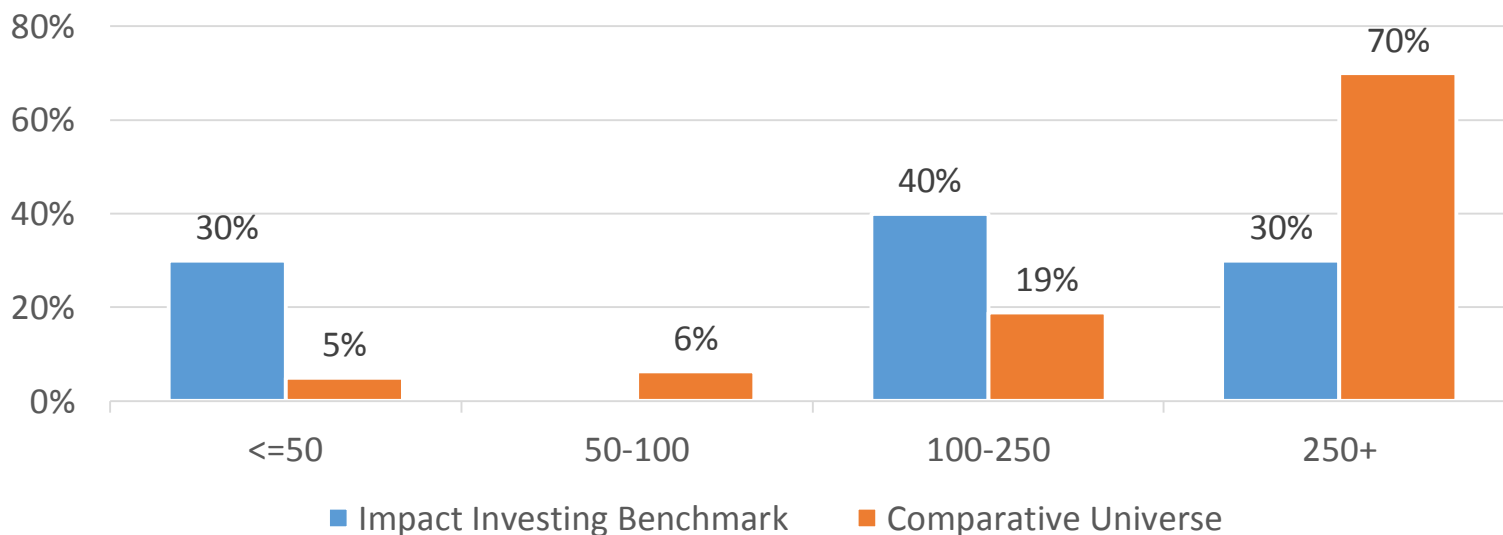


# Real Assets Impact Investing Benchmark & Comparative Universe Characteristics

Real Estate Benchmark  
 n = 20; Capitalization USD 4,657 million

Comparative Universe  
 n = 618; Capitalization USD 499,630 million

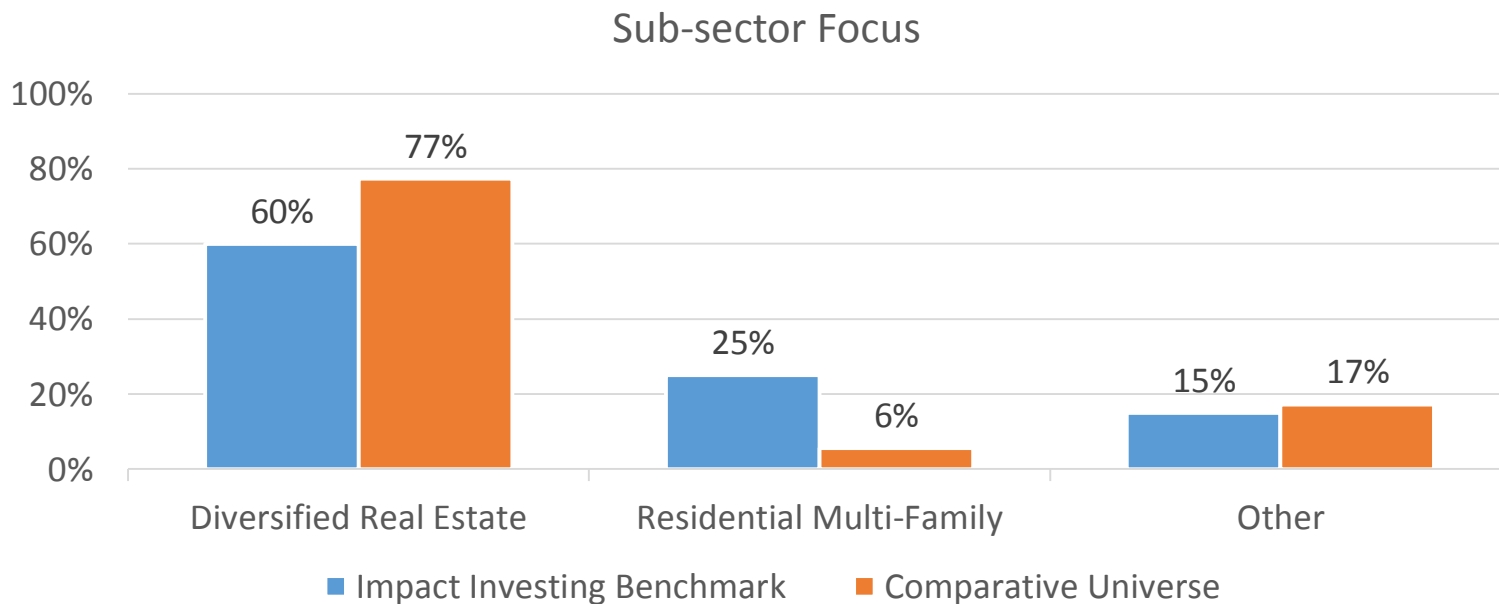
Fund Count by Size



# Real Assets Impact Investing Benchmark & Comparative Universe Characteristics

Real Estate Benchmark  
 n = 20; Capitalization USD 4,657 million

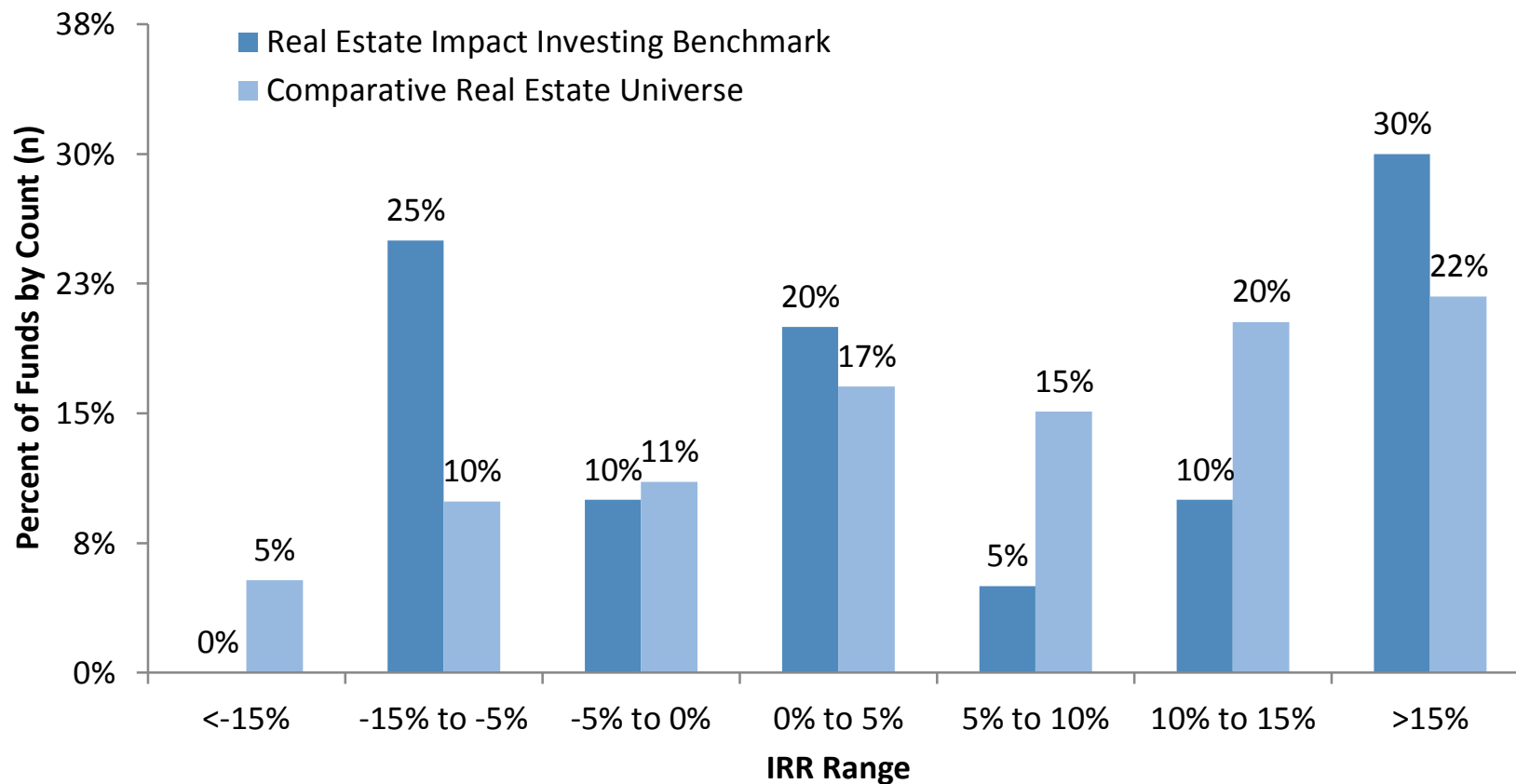
Comparative Universe  
 n = 618; Capitalization USD 499,630 million





# Distribution of Returns

As of June 30, 2016

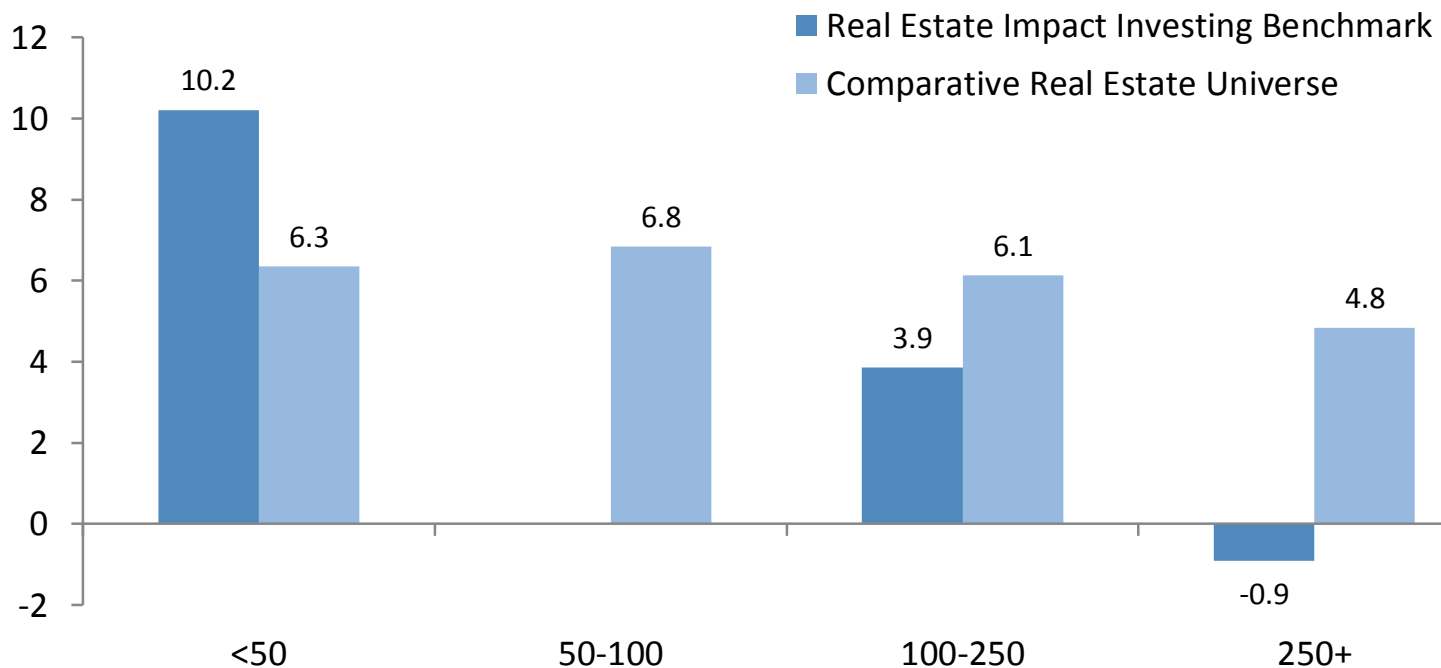


Notes: IRRs are in USD and are net of fees, expenses, and carried interest.

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# Performance by Fund Size

As of June 30, 2016 • Pooled IRR (%)



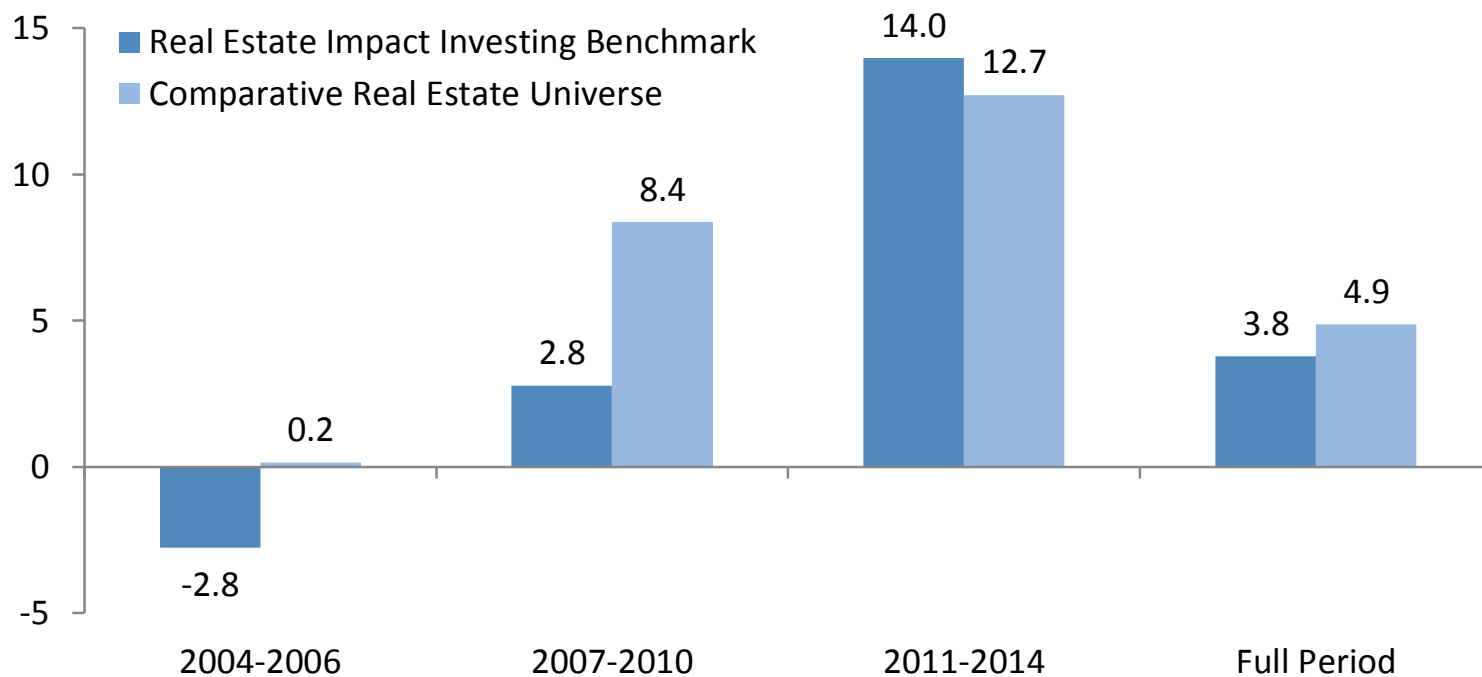
Impact Funds (n)	6	0	8	6
Comparative Funds (n)	31	39	117	431

Notes: IRRs are in USD and are net of fees, expenses, and carried interest.

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# Equal-Weighted Performance by Vintage Year

As of June 30, 2016 • Equal-Weighted IRR (%)



Impact Funds (n)

3

7

10

**20**

Comparative Funds (n)

196

230

192

**618**

Notes: IRRs are in USD and are net of fees, expenses, and carried interest.

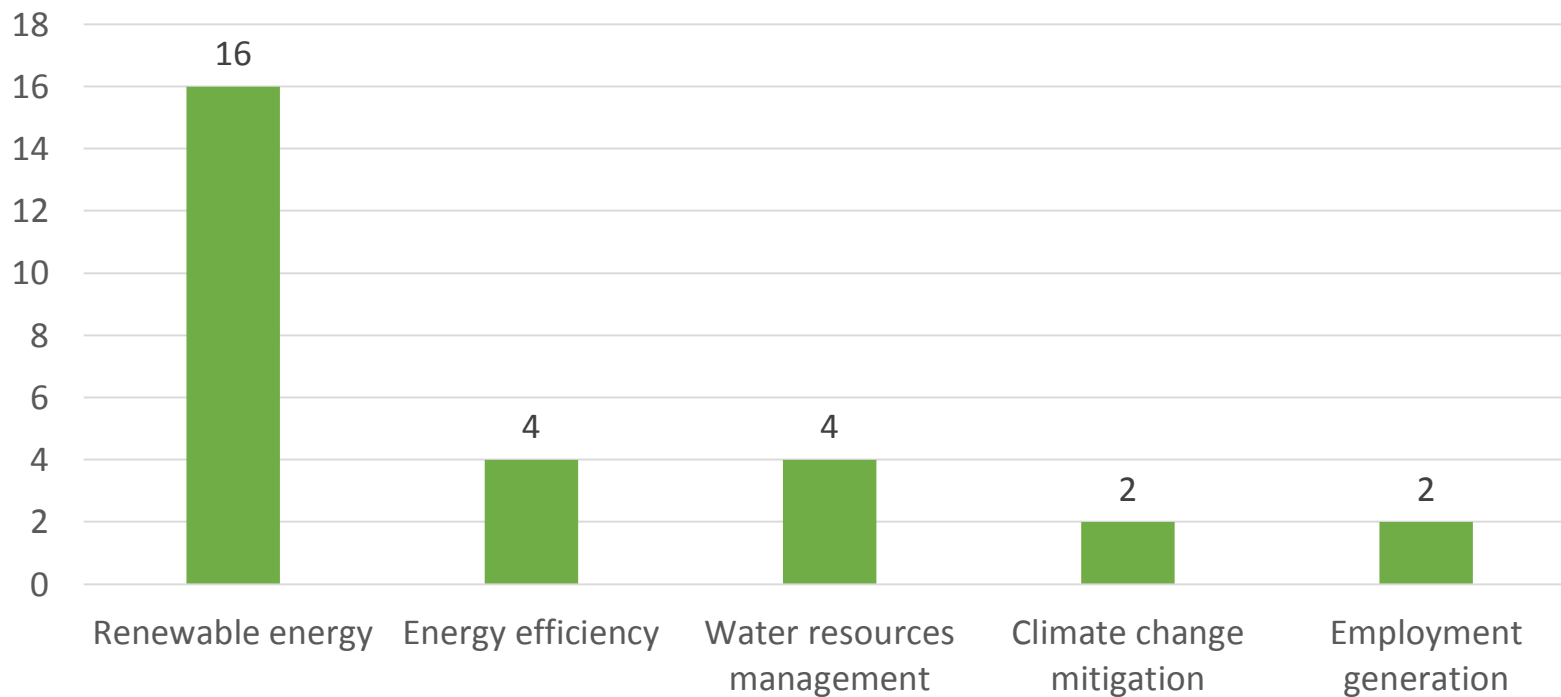
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# Infrastructure Impact Investing Benchmark

# Impact Objectives

## Infrastructure Top Impact Objectives

n = 17; Funds may target more than one impact objective



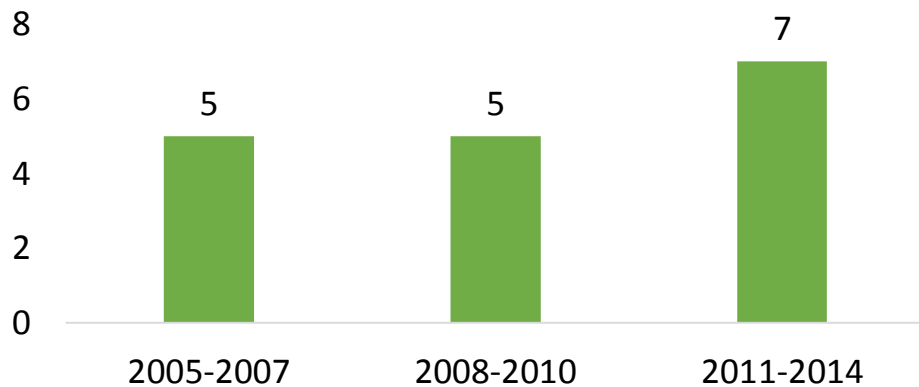
# Impact Objectives and Metrics

## Metrics for tracking progress toward impact objectives

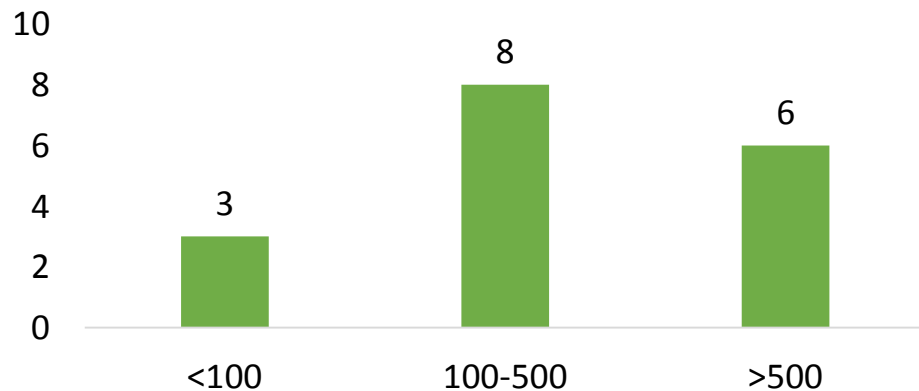
Impact Objective	Metrics used
Renewable energy	<ul style="list-style-type: none"> <li>• MW of renewable energy generated</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>• Reduction of CO2 emissions</li> </ul>
Water resources management	<ul style="list-style-type: none"> <li>• Cubic meters of water conserved</li> <li>• Acre feet of water replenished to aquifers</li> </ul>
Climate change mitigation	<ul style="list-style-type: none"> <li>• Reduction of CO2 emissions</li> </ul>
Employment generation	<ul style="list-style-type: none"> <li>• Number of jobs created</li> </ul>

# Benchmark Characteristics

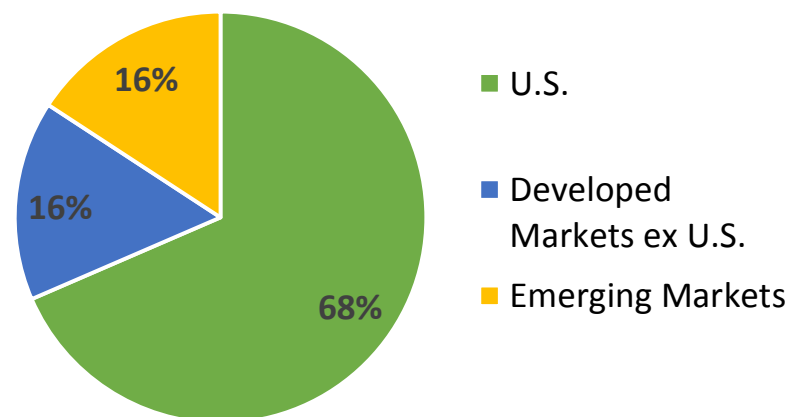
Fund Count by Vintage year



Fund Count by Size

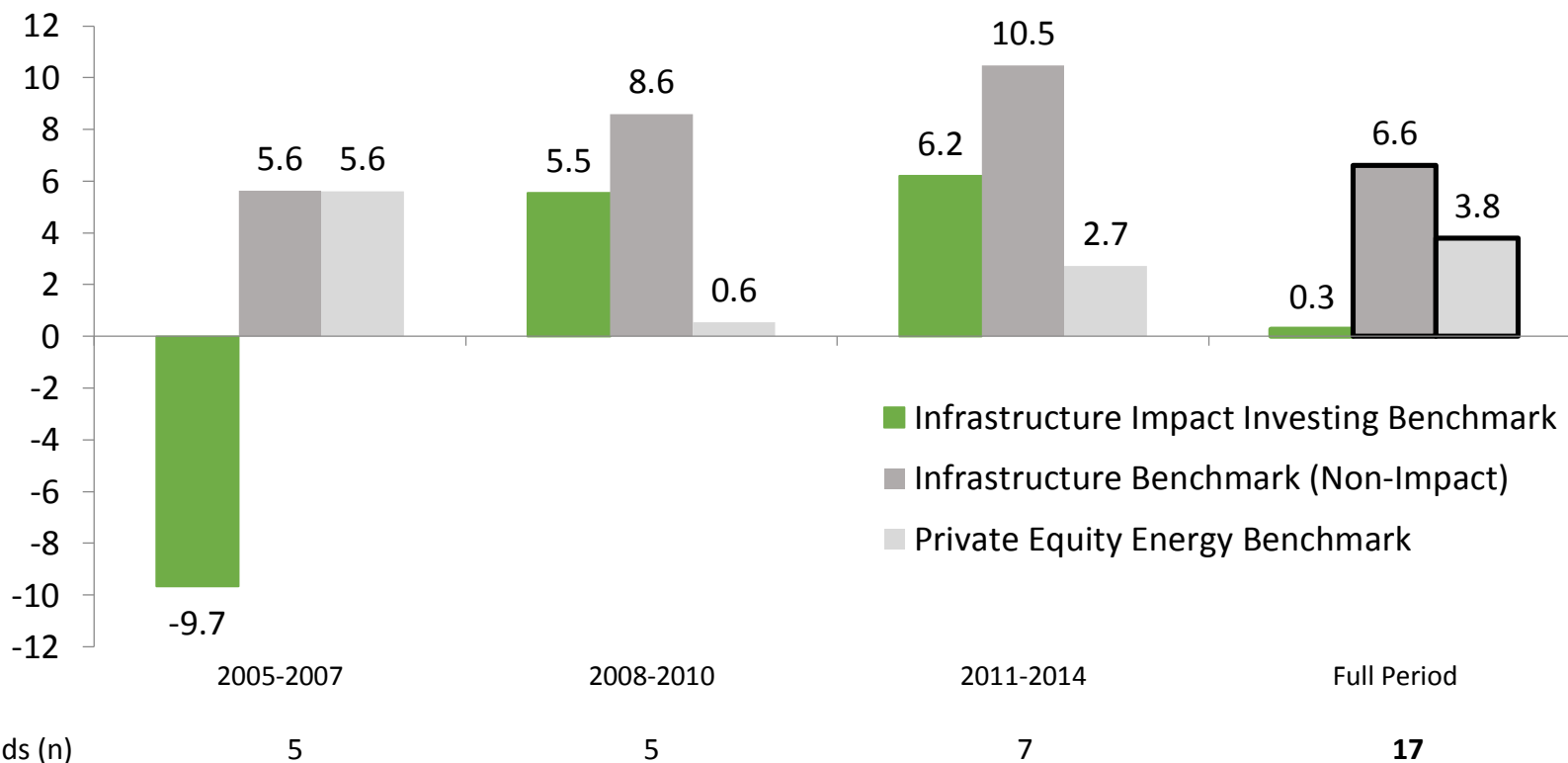


Capitalization by Geographic Focus



# Performance by Vintage Year

As of June 30, 2016 • Pooled IRR (%)

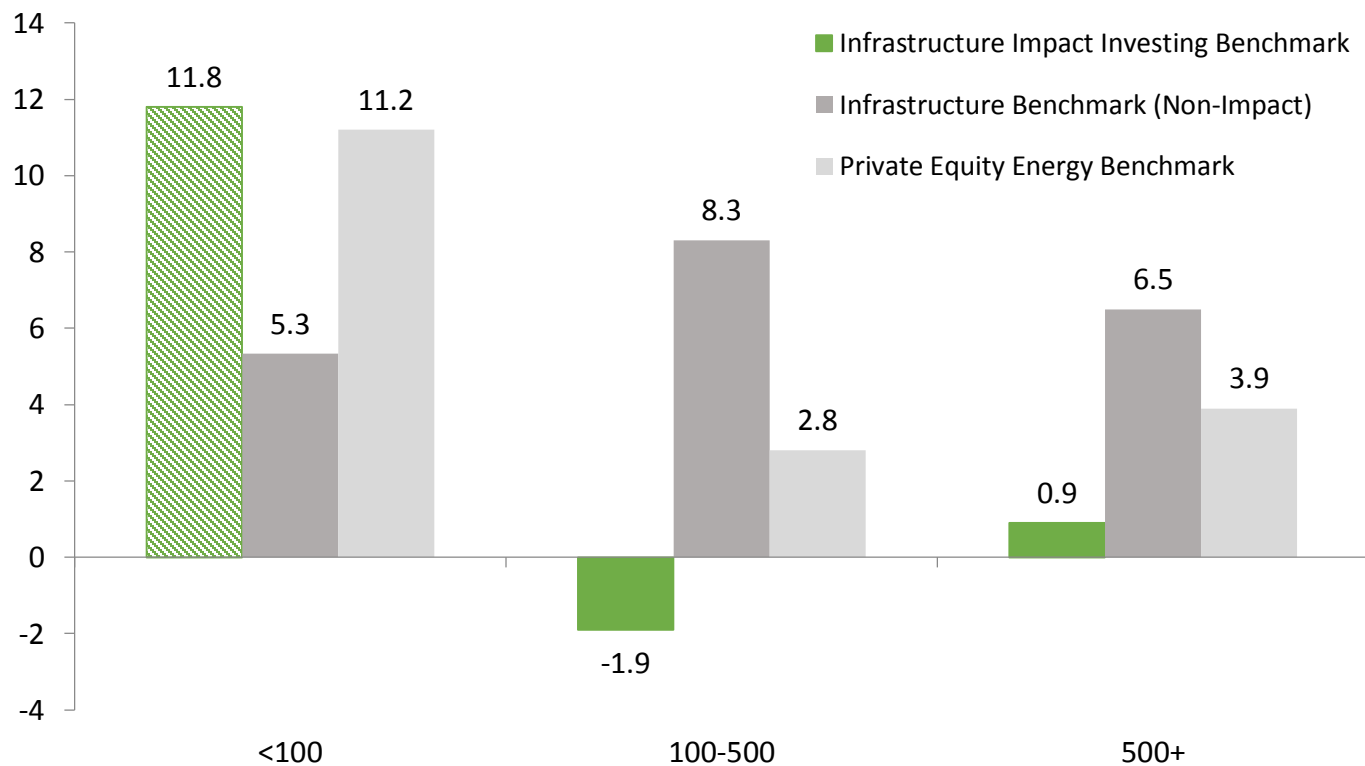


Notes: IRRs are in USD and are net of fees, expenses, and carried interest.

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# Performance by Fund Size



# Key Findings

1 | Market rates of return are achievable in impact investing

2 | Fund selection is the key to success

# Q & A

# Group Discussion

- How is this type of data helpful to you in your work? Would benchmarks help in fundraising?
- What tools are available to the CDFI industry for evaluation of risk and return? What additional resources or information do you need?
- How could financial performance studies be used to help CDFI funds improve investment strategy? Are there any major risks to conducting these studies?

# Thank you

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<https://thegiin.org/knowledge-center/>

# Criteria for inclusion

- Structured as private, fixed-term limited partnerships
- Invested with the intent of generating positive social and/or environmental impact
- Investing in real assets
- Targeting market rate investment returns
- Vintage year 2014 or earlier