Gresham House
Specialist investment

Sustainable investment update: Real Estate

July 2025

Real Assets

What makes our approach different

We partner with our clients to help them achieve their financial and sustainability ambitions.

Within our Real Assets divisions, clients come to us to help them invest in assets that help them achieve positive environmental and social outcomes.

Alongside achieving their financial objectives, we create investment solutions for our clients to:

1. Generate nature positive outcomes
2. Support their net-zero objectives
3. Create positive social impact within their local region

> We partner with our clients to help them achieve their financial and sustainability ambitions.

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Real Estate

Gresham House's Real Estate division offers long-term equity investments across the UK housing sector and Irish commercial property market.

Our approach combines financial discipline commitment to delivering lasting social and environmental value.

We aim to generate secure, inflation-linked returns while addressing critical issues such as the UK's housing shortage and the sustainable development of commercial property assets. Our strategies align with national priorities around energy efficiency, affordability, and community wellbeing.

UK Housing

Our UK housing strategy is centred on delivering high-quality, affordable, and energy-efficient homes. Through listed and unlisted investment vehicles, we invest in residential solutions that cater to a broad spectrum of housing needs while generating stable and secure returns.

Our investments focus on three core areas:

- Shared Ownership (SO) – Providing an affordable route to homeownership for lower and middle-income households.
- Independent Retirement Rental – Enabling older adults to maintain their independence while releasing larger homes back into the market.
- Build to Rent (BtR) – Developing high-quality, fairly priced rental homes to help address supply constraints.

In 2024, Gresham House partnered with Thriving Investments, a subsidiary of Places for People, to establish a leading affordable housing fund management platform. This collaboration strengthens our capacity to scale Shared Ownership housing solutions, while maintaining rigorous sustainability standards.

Irish Commercial Property

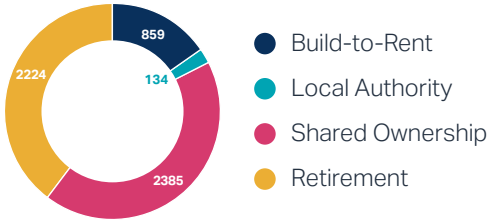
In Ireland, we invest in high-quality commercial properties across office, retail, and industrial sectors, with a focus on suburban Dublin and major regional urban centres. Through the Gresham House Commercial Property Fund, we target assets with strong rental growth and capital appreciation potential, typically valued between €5 million and €15 million.

Our investment approach integrates active asset management, sustainability improvements, and long-term value creation, ensuring that our assets remain competitive and well-positioned for future growth. By leveraging deep market insights and strategic partnerships, we enhance the resilience of our commercial assets while driving long-term investor returns.

Real world outcomes	2023	2024
Operational UK housing stock EPC B+ (%)	40	47
Operational Irish commercial property stock BER B+ (%)	30	41
UK homes completed (all fund and ownership types)[1]	355	552
UK homes committed to funding (all fund and ownership types)	97	122
Proportion of new affordable Shared Ownership homes (%)[2]	35	64
New build Shared Ownership homes that are EPC A[3]	75	37

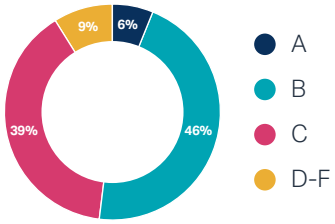
1. 2023 value restated due to change in definition of KPI.
2. 2023 value restated due to change in definition of KPI.
3. Decrease in proportion of EPC A SO homes driven by Clapham Park development which will be EPC B, as solar could not be installed. Other sustainability measures have been implemented including a district heating system powered by Air Source Heat Pumps

2024 Gresham House operational UK housing stock (# units)



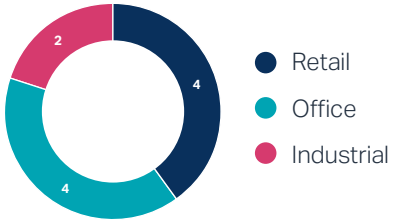
2023: 2,207 Retirement; 1,600 Shared Ownership; 289 Local Authority; 859 Build-to-Rent

Distribution of UK housing EPCs



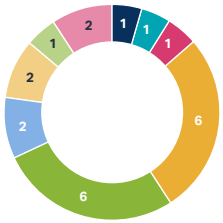
2023: 40% B; 48% C; 11% D-F

2024 Gresham House Ireland commercial property portfolio (# properties)



2023: 4 Retail, 4 Office, 2 Industrial

2024 Distribution of Irish commercial property portfolio BERs (# units)



2023: 1 A3; 1 B1; 5 B3; 8 C1; 2 C2; 2 C3; 3 D1; 3 D2

EPCs and BERs rate a property based upon its energy consumption and efficiency. EPC ratings are a measure of a property's energy efficiency, assigning a letter grade between A and G. BERs are a legal requirement in Ireland and provide information on a property's energy efficiency. BERs rate properties on a scale of A1-G.

ESG integration

ESG considerations, including climate and nature, are integrated throughout the investment lifecycle as outlined below:

1 Sector analysis and strategy setting

At the strategy development stage, we assess affordability, energy efficiency, and occupier well-being to identify investment opportunities that deliver both financial returns and meaningful social impact. In the UK housing market, our focus is on providing sustainable, accessible housing, while in Irish commercial property, we prioritise sustainable building practices and occupier engagement.

2 Due diligence and ESG risk assessment

During pre-investment due diligence, we assess material ESG risks and opportunities to ensure that sustainability factors are incorporated into decision-making. This includes evaluating energy efficiency, governance structures, and key social considerations. Where necessary, we seek input from external specialists to enhance our understanding of specific sustainability risks.

3 Execution

At the execution stage, we work closely with developers, builders, and operational partners to ensure that ESG considerations are reflected in investment decisions. The Investment Committee reviews material ESG findings to integrate sustainability into asset selection and risk management.

4 Long-term management

Post-investment, we actively monitor ESG performance across our portfolio. This includes:

- Tracking Key Performance Indicators (KPIs) related to energy use, occupier satisfaction, and environmental impact.
- Engaging with managing agents and occupiers to promote sustainability best practices.
- Assessing ongoing ESG risks and opportunities to drive continuous improvement in asset management strategies.

Case study: Regenerating the Stockport Interchange bus station

Context

Gresham House partnered with several public sector bodies as part of a transformative public-private partnership to regenerate the Stockport Interchange bus station and deliver a landmark £40 million, 196-unit Build-to-Rent (BtR) residential development. This ambitious project also includes five commercial units, further strengthening the area's economic and social infrastructure.

The investment was made through Gresham House BSI Housing LP, aligning with our strategy of supporting high-quality, sustainable housing developments that enhance communities while generating long-term value for investors.

Activity

Gresham House played an active role in the delivery of the BtR component, committing £12 million towards its construction via our Build-to-Rent platform, Rise Homes.

This investment was made in collaboration with key public sector partners, including Transport for Greater Manchester, Stockport Metropolitan Borough Council, the Greater Manchester Combined Authority, Homes England, and CityHeart.

Through close collaboration with these stakeholders, the development successfully reached completion in May 2024.

Outcome

The BtR development has already welcomed over 300 new residents within its first year of operation, supporting urban regeneration and community revitalisation in Stockport. The project extends beyond housing, incorporating significant enhancements to local transport infrastructure, improved connectivity between bus and train stations, and dedicated facilities for cyclists and pedestrians.

A key feature of the regeneration is Viaduct Park, a newly created two-acre rooftop park above the interchange, offering vital green space for the local community. The park has already become a cultural hub, hosting 75 events in its first year, including the 2024 Cultural Weekender.

Stockport Interchange has been widely recognised as a model for urban regeneration, winning or being shortlisted for several prestigious awards, including:

- Royal Town Planning Institute Awards – Winner of the Silver Jubilee Cup for Best Planning Scheme of the Year
- International Partnership Awards – Winner of Best Financial Structure
- National Transport Awards – Winner of Design, Engineering, and Construction Project of the Year
- Manchester Chamber of Commerce Awards 2024 – Shortlisted for Building of the Year

The Stockport Interchange development exemplifies Gresham House's commitment to active ownership, sustainable housing, and community-driven investment.

Through strategic collaboration and responsible stewardship, we have contributed to the regeneration of a key urban hub, enhancing connectivity, accessibility, and quality of life for residents while delivering strong investment outcomes.

This project serves as a blueprint for future public-private partnerships that balance financial returns with positive social and environmental impact.

Climate-related disclosures

Our investments aim to deliver stable, secure inflation-linked returns whilst providing wider social and environmental benefits to all stakeholders including our residents, the local community and wider economy.

KPIs are used to track the progress that our assets are making against their ESG and climate-related ambitions, and to what extent climate-related risks are being managed effectively.

Examples of climate-related KPIs that are monitored include:

Metric	2023	2024
Operational UK housing stock EPC B+ (%)	41	52
Operational Irish commercial property stock BER B+ (%)	30	41
Total Emissions (tCO_2e)[1]	5,598	5,538
Carbon intensity (tCO_2e/£m invested)	12	14

1. Reported as total emissions as majority of emissions come from tenants (Scope 3 category 11) and methodology used in Watershed platform does not separate out tenant emissions. 2023 figures have been recalculated in new platform.

Climate risks and opportunities

Many of the climate risks and opportunities that faced by our Real Estate investments are inextricably linked. For example, policy risks mandating the increase in the energy efficiency of the UK's housing stock necessitate the division's Energy Performance Certification (EPC) upgrade scheme. At the same time, the UK has seen an increase in demand for more energy efficient homes, which represents a significant commercial opportunity for the division to upgrade the energy efficiency of its homes.[2]

Gresham House's Real Estate division is taking action to mitigate several climate-related risks and capitalise on climate-related opportunities in several ways. Examples include:

2. Buying into the Green Homes Revolution Report (santander.co.uk)

- For Shared Ownership properties, ensuring all new builds have a minimum EPC rating of B and targeting A where possible. This compares to the expected requirement that all UK domestic properties in the private rented sector reach EPC C by 2030.
- Upgrading directly-rented EPC D rated UK Housing properties to at least EPC C by 2025, five years ahead of the government target.
- Within UK Housing, not building in areas of medium/high flood risk without sufficient mitigations being in place, in line with the commitments made in the Shared Ownership Environmental Charter.
- Within the Irish Commercial Property Fund, including green lease provisions in all new leases which include an obligation for tenants to provide core sustainability information with the manager to help improve the quality and quantity of sustainability and climate-related data available to the manager.

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Risks & opportunities: Real Estate

Risk/ opportunity	Risk: policy & legal	Risk: market	Risk: physical	Opportunity: resource efficiency	Opportunity: energy source
Description	Changes to regulation requiring more energy efficient properties	Reduced demand for properties in favour of more energy efficient properties	Damage to properties through extreme weather events	Move to more energy efficient property	Use of lower-emission sources of energy
Likelihood	Medium	Medium	Low	High	Medium
Potential impacts	Increased expenditure on energy efficiency improvements	Reduced demand for properties leading to re-pricing of assets	Increased costs, write-offs and early retirement of existing assets	Increased demand leading to increased revenues and enhanced property values	Lower energy prices for tenants, reduced exposure to fossil fuels and carbon prices
Time period	Medium- & Long-term	Medium-term	Long-term	Medium-term	Medium-term
Divisional commentary	UK Housing portfolio future proofed by having energy efficiency rating above average. Green lease provisions included in all new commercial property leases to improve energy and carbon data collection	Increasing energy costs place financial constraints on residents. In UK Housing, this risk is mitigated through committing to delivering all new homes as a minimum of EPC B, with 80% of new homes funded in 2022 meeting EPC A	A key criteria in due diligence of new investments is the determination of whether they are located in areas prone to flood risk. Shared Ownership charter commits us to not building in areas of medium/high flood risk. The cost of property insurance is closely monitored as such costs will rise as a result of extreme weather events	UK Housing working with an external consultant to determine to what level carbon emissions can be reduced through retrofitting. Shared Ownership Charter targets increasing the number of homes delivered that meet the future homes standard year on year	UK Housing increasing the number of homes with renewable energy generation on site and other energy efficiency measures (e.g. heat pumps). Commercial Property working to retrofit existing buildings to ensure they continue to meet regulatory and market expectations
Example KPIs/ trends to monitor	▪ Operational carbon emissions (tCO_2e) ▪ Operational carbon intensity (tCO_2e/m2 floorspace) ▪ Breakdown of EPCs by property type	▪ Breakdown of EPCs by property type ▪ # properties with renewable electricity generation on site	▪ % properties in areas prone to flooding and other extreme weather events ▪ Average cost of property insurance	▪ Breakdown of EPCs by property type ▪ # properties with renewable electricity generation on site	▪ # properties with renewable electricity generation on site ▪ Energy mix of tenanted properties

Scenario analysis

In 2024, physical climate risk analysis was conducted across our real asset strategies using a range of future climate scenarios. The percentage of our UK properties, in terms of AUM, expected to experience increasing exposure to each hazard by 2050 is displayed in the table below.

Key findings

Temperature increases: Nearly all assets are expected to face an increase in average daily temperature of more than 0.5°C by 2050. This is a common risk across the Real Estate sector, with a significant portion of the UK domestic housing stock already at risk of overheating. This can negatively impact residents by causing sleep disruption and illness, with heatwaves in the UK often leading to increased death rates as a result.[1] Although insulation is traditionally thought of as a mechanism to keep heat in, it can also be beneficial in preventing over heating if ventilation is sufficient.[2] Our design standards focus on high EPC ratings, meaning the properties are well insulated.

As well as this, new developments should ensure that ventilation can be maximised, for example by integrating greenery and cool roofs and set lower limits for noise and pollution, so that conditions are suitable for windows to be opened.

Water stress: Urban properties face rising water demand due to increased population density and higher temperatures leading to increased periods of drought. In combination, this means there will be less water available per person.

However water stress did not increase with temperature rise, as might be expected. The scenarios used consider socioeconomic factors as well as climate, meaning that even if climate impacts on water availability are less severe in the lower temperature rise scenario, the competition for water resources may be higher, leading to higher levels of water stress.

Water Neutrality Statements are a new planning requirement being introduced by a number of councils in southern England.[3]

	Below 2°C	Business-as-usual	Worst Case
Water stress	65%	30%	57%
Precipitation	0%	0.1%	0%
Temperature	99%	100%	100%
Wind	0%	0%	0%

1. Climate Change Committee, 2022
2. Climate Change Committee, 2022
3. West Sussex County Council

Developers must set out the existing and proposed water consumption figures, alongside plans for how water neutrality will be achieved which should detail the water efficient technologies to be applied within the development. Although this is not a universal requirement, our Real Estate team should be looking to integrate water efficiency measures, such as low-flow shower heads and dual-flush toilets, into the plans for new developments.

Precipitation patterns: The middle scenario is expected to have the greatest change in precipitation, rather than the worst-case. This may be due to warmer and wetter winters than a lower temperature rise scenario, but less intense periods of drought than higher temperature rise scenarios. Further analysis will be necessary to confirm this.

Next steps

To build on this scenario analysis, we will look to:

- Analyse a larger number of hazards including temperature extremes, drought and wildfire exposure
- Assess the materiality of changing climate conditions to identify at risk assets
- Investigate how cooling can be integrated into building designs

Nature-related disclosures

Nature plays a critical role in enhancing asset value, resident wellbeing, and climate resilience. Access to green space has been shown to improve mental and physical health outcomes, while the integration of trees and vegetation into developments can mitigate the impacts of climate change such as reducing the urban heat island effect.[1]

1. The potential of urban trees to reduce heat-related mortality in London

The construction of new developments has the potential to negatively impact local ecosystems. The impacts of our assets are considered from the beginning of their development. To minimise the impact of new developments, we aim to have at least 60% of our new homes built on brownfield sites. Environmental impact assessments are required by law for new developments, with any material impacts identified requiring mitigation for the project to go ahead.

Proximity analysis

To better understand the interface between our real estate portfolio and natural environments, a proximity analysis was conducted. This helps identify both risks to sensitive ecosystems and opportunities to improve resident access to nature.

Properties located closure to natural sites can contribute to better resident wellbeing and biodiversity connectivity. In parallel, developments located near sensitive habitats are subject to additional controls and mitigation requirements.

	Assets Under Management
Within 1km of designated site	24%
Within 5km of designated site	82%
Within 10km of designated site	100%

Dependencies, impacts & mitigants

	Description	Mitigants
Dependency: visual amenity services	Real estate activities depend on visual amenity services to attract residents. Proximity to natural sites, parks, and other sources of natural areas positively impacts the attractiveness, and therefore the price, of most real estate assets.	Many of our developments provide residents with access to on-site enhanced natural amenity spaces, such as roof terraces with green spaces. Access to local natural sites and areas are factored into decision making in site selection to provide prospective residents with an enhanced living experience.
Impacts: disturbances (e.g. noise, light)	Construction of buildings can cause disturbances like noise, light, and odour pollution due to the operation of machinery that can negatively affect species populations.	All possible disturbances to stakeholders are identified, monitored and assessed throughout the feasibility, planning & construction and operational phases of a development to make sure that all regulations are adhered to.
Impact: emissions of GHG	Construction, and ongoing use of buildings can release carbon dioxide and other indirect greenhouse gases from the use of machinery, vehicular traffic, natural has heating etc.	For conversion schemes, our contractors have recycling targets for existing site materials during the demolition phases. Use of the existing structure allows for 40% - 70% on average saving of embodied carbon. New developments benefit from greener and more sustainable energy sources such as Solar PV, biomass heating systems and more recently connecting to the local district heat networks, allowing for a minimum score of EPC B to be achieved. We actively encourage residents to monitor and adjust their consumption behaviour to avoid unnecessary wastage.
Impact: emissions of toxic pollutants to water and soil	Real estate activities can cause pollution through direct emissions of waste, and discharges from facilities. These, along with inadequate waste management practices, can significantly contribute to the release of toxic soil and water pollutants. Spills of diesel, paints, solvents, and toxic chemicals during construction can also contribute to irreversible salinisation and acidification of certain soils.	All contractors provide Risk Assessment and Method Statements (RAMS) to ensure safety, environmental protection and regulatory compliance relating to emissions of waste and discharges from facilities. Post construction, on site operational teams carry out checks and assessments to ensure ongoing safety and compliance.

Engagement

Proactive engagement is a core component of Gresham House's Real Estate strategy, supporting strong relationships with occupiers, tenants, and stakeholders to drive sustainability outcomes and foster long-term community well-being across our property portfolio.

Irish Commercial Property

Within our Irish commercial property portfolio, we maintain active and transparent relationships with occupiers, meeting regularly to support collaboration on sustainability initiatives. All new leases now incorporate green lease provisions, enabling the collection of key environmental data and supporting joint efforts to enhance energy efficiency, reduce environmental impact, and improve the overall workplace experience.

In 2024, we launched a new engagement initiative with the introduction of a Sustainability Occupier Day, held in September. The event included a visit to Dublin's Waste to Energy facility and brought together occupiers from four GHI assets, along with GHI employees. The session highlighted the importance of sustainable waste management and showcased how non-recyclable waste can be converted into renewable energy.

Initial feedback from the event was highly positive. Notably, all participating occupiers committed to reviewing their waste management practices and ensuring their contractors support zero waste to landfill and make active use of the Waste to Energy facility.

UK Housing

Our UK housing strategy focuses on delivering high-quality, affordable homes that offer long-term security for residents. Engagement activities span multiple stakeholder groups, from local authorities and housing associations to the residents themselves.

Throughout 2024, our UK Housing team engaged closely with Homes England, providing market feedback to help shape the forthcoming grant programme. The investment team holds monthly calls with its Homes England relationship manager, attends Partner Engagement Events and Investment Symposiums, and maintains regular dialogue with senior members of the Homes England team to ensure policy developments reflect market realities.

Resident engagement also plays a key role in asset management. We periodically distribute resident surveys to gather insights into service quality, resident satisfaction, and opportunities for improvement. Within our Shared Ownership portfolio, we maintain regular contact with shared owners to understand their experience across key moments such as marketing, move-in, property improvements, and staircasing. This feedback is used to inform service enhancements and address emerging concerns.

To further strengthen resident engagement, our Thriving Investments platform is partnering with Touchstone, an experienced property manager, to implement a digital portal and mobile app. This will allow residents to access property information, raise concerns, and log maintenance requests in a streamlined and transparent way.

The BSI Housing team worked with Leeds Council to define a Local Lettings Policy for the discounted market rent (DMR) apartments at the latest development in the Fund, Spinners Yard. The Policy will govern the terms of leasing the units, helping to enhance the provision of affordable housing in the area.

Finally, the UK Housing team continues to collaborate with The Good Economy through its participation in the Equity Impact Project (EIP), developing a shared impact reporting framework for the affordable housing sector.

Case study: Engagement on waste reduction - Dublin waste-to-energy facility

Context

While energy consumption often dominates sustainability agendas, waste remains a critical – yet frequently overlooked contributor to the environmental footprint of commercial buildings. From product packaging and food waste to redundant office equipment and refurbishment debris, the waste generated across offices, shops and industrial units presents a significant challenge. Operational waste accounts for approximately 5% of a commercial building's total carbon footprint.

As part of our broader net zero ambitions, we identified the need to increase occupier engagement on waste reduction to ensure that progress on zero waste and zero waste-to-landfill goals advances in parallel to GRESB, for which we disclose the total tonnes of waste generated within the Gresham House Commercial Property Fund (formerly the Appian Burlington Property Fund).

By encouraging greater awareness and behavioural change among occupiers, the initiative aimed to reduce waste volumes and improve waste stream management across our Irish commercial portfolio, while contributing to a stronger GRESB score in 2024.

The Gresham House Commercial Property Fund invests in a diversified portfolio of office, retail and industrial properties located in suburban Dublin and Ireland's major regional urban centres. Promoting sustainability through active asset and occupier engagement is a core element of the fund's long-term strategy.

Activity

To raise awareness of the importance of responsible waste management, Gresham House hosted an immersive, educational event at Dublin's Waste-to-Energy facility. All occupiers across the portfolio were invited to join the Real Estate team for a guided tour of the state-of-the-art plant, a key piece of Dublin's circular economy infrastructure.

The facility, designed by Danish architects Friis & Moltke, processes up to 690,000 tonnes of residual waste annual, material that cannot be reasonably recycled, and converts it into renewable energy. It generates up to 60 megawatts of electricity, powering the equivalent of 80,000 homes, and provides district heating to approximately 50,000 households.

The tour included:

- A tour of the facility and its waste-to-energy conversion process
- An overview of Dublin's wider waste management strategy and its alignment with EU waste recovery and landfill diversion targets
- A roundtable discussion on opportunities to improve waste practices at Gresham House sites

Outcome

The initiative successfully raised awareness of the role both investors and occupiers can play in the wider waste ecosystem. All attendees committed to reviewing their waste contracts and liaising with their providers to ensure waste is diverted to the incinerator facility, rather than landfill, where possible. The visit also reinforced the importance of local solutions in contributing to national waste targets. The Dublin facility supports self-sufficiency by eliminating the need to export non-recyclable waste abroad and by minimising landfill use.

The visit proved that effective stakeholder engagement can drive tangible behavioural change. By brining occupiers and investors into the heart of the waste management process, we created space for education, accountability and collaboration, providing the foundations for improved performance across the portfolio.

In 2024, we will collect updated waste data from occupiers and compare it to 2023 figures to measure progress and identify where further support may be required. The findings will be used to refine our waste management strategy and inform future engagement initiatives.

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